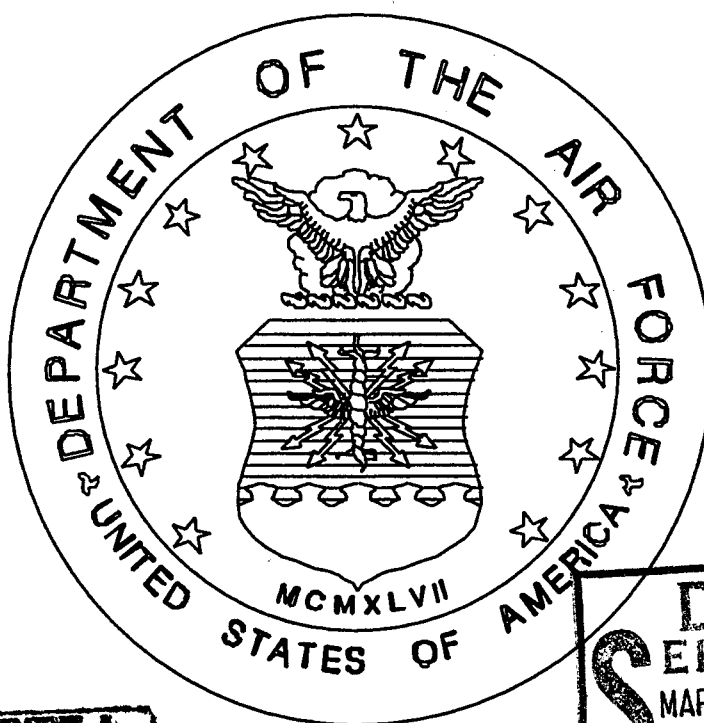
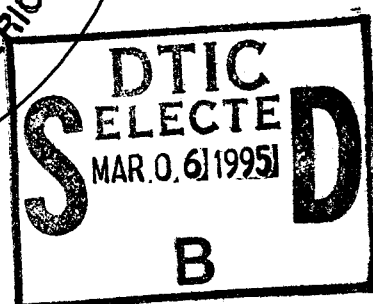


**UNITED STATES AIR
FORCE
DEFENSE BUSINESS
OPERATIONS FUND**



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**FY 1996/1997
BIENNIAL BUDGET ESTIMATES
February 1995**

UNCLASSIFIED

DEFENSE BUSINESS OPERATIONS FUND

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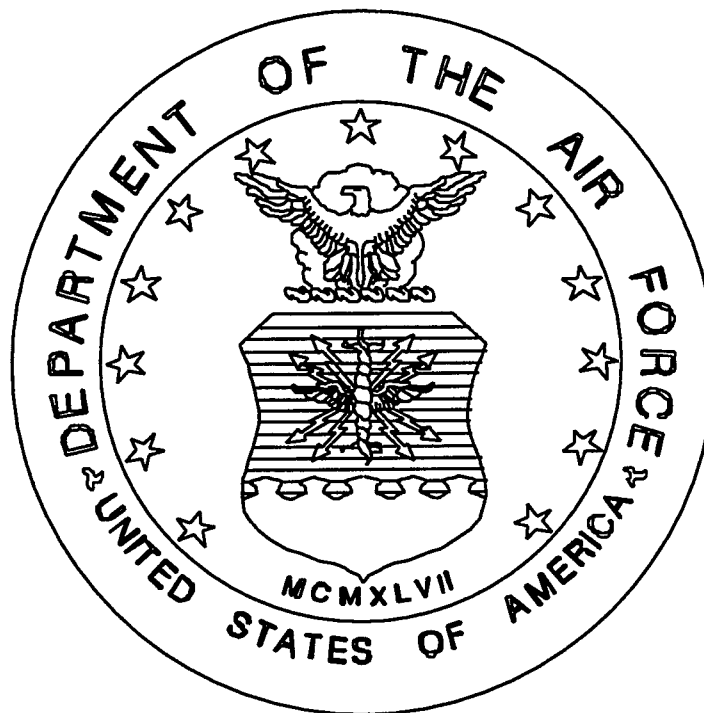
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DEFENSE BUSINESS OPERATIONS FUND

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**UNITED STATES AIR
FORCE
DEFENSE BUSINESS
OPERATIONS FUND**



FY 1996/1997

SUMMARY

***February 1995
UNCLASSIFIED***

DEFENSE BUSINESS OPERATIONS FUND —
AIR FORCE FY 1996/1997 BUDGET ESTIMATE

The Air Force Defense Business Operations Fund (DBOF) is currently composed of two large business activities, the Supply Management Business Area and the Depot Maintenance Business Area. In addition, the budget reflects activity during FY 94 for the Base Support (Laundry and Dry Cleaning) Business Area, and the DBOF-Air Mobility Command (DBOF-AMC) Business Area, which were removed from the DBOF in FY 95. Effective in FY 96, the Air Force Central Design Activities at the Standard Systems Center, Gunter AFB, AL, the Materiel Systems Center, Wright Patterson AFB, OH, and the Communications System Center, Tinker AFB, OK, will be added to the Information Services Business Area under Air Force management. Additionally, the Supply Management Business Area is made up of eight divisions representing both wholesale and retail business activities. The wholesale divisions include the Repairable Support Division (RSD), the System Support Division (SSD), and the Cost of Operations Division (COD). The retail divisions include the General Support Division (GSD), the Fuels Division, the Medical-Dental Division (MDD), the Troop Support Division (FY 96), and the United States Air Force Academy Cadet Division. The responsibilities of each of these business areas and divisions are discussed individually in our submission.

Air Force DBOF activities provide a wide range of goods and services to an equally wide range of Air Force, other DoD and non-DoD customers. These business activities are critical to supporting customer missions around the world. This FY96/97 budget has been developed according to the instructions found in the DoD Financial Management Manual, Chapter 9, Defense Business Operations Fund.

Since the start of DBOF operations on 1 October 1991, the elements of Air Force DBOF continue to evolve into more business-like operations. We are vigorously pursuing opportunities for cost efficiencies and placing renewed emphasis on accurate rate development. The Air Force is an active participant in the DBOF Corporate Board and chairs the associated Policy Development Committee, recommending to the Board policies and procedures to enhance DBOF operations. We continue to make major strides in our management of our DBOF business areas, however we are still experiencing difficulty with accurate and timely accounting data. The Defense Accounting and Finance Service is working toward the development of standardized systems which will go a long way toward correcting the data deficiencies.

DEFENSE BUSINESS OPERATIONS FUND - AIR FORCE
FY 1996/1997 BUDGET ESTIMATE

DBOF TOTAL SUMMARY - AIR FORCE
REVENUE AND EXPENSES
(Dollars in Millions)

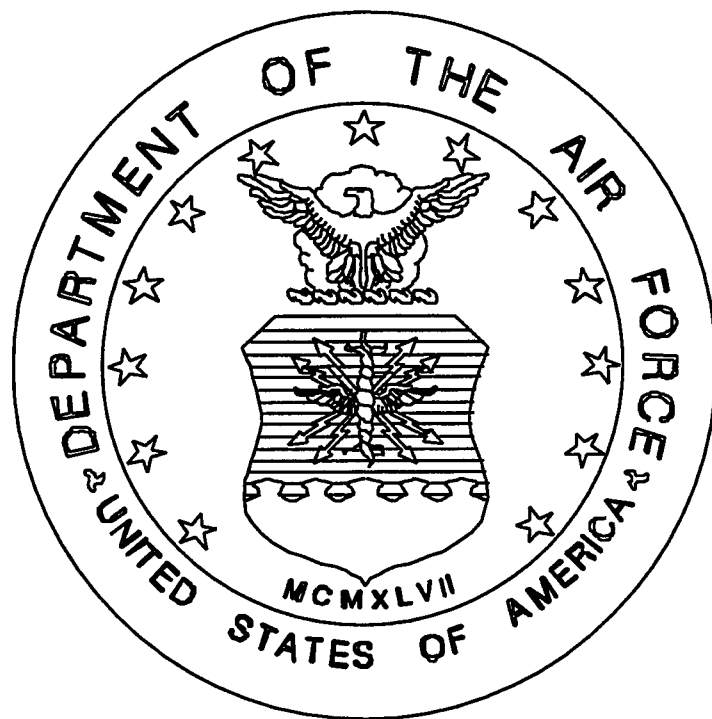
	<u>FY 94</u>	<u>FY 95</u>	<u>FY 96</u>	<u>FY 97</u>
Revenue:				
Gross Sales:	17166.5	14737.3	14524.7	14849.5
Operations	16871.8	14611.8	14402.8	14728.8
Capital Surcharge	0.0	0.0	0.0	0.0
Depreciation except Maj Const	276.3	125.7	121.9	120.7
Major Construction Depreciation	18.4	0.0	0.0	0.0
Total Gross Sales	17166.5	14737.5	14524.7	14849.5
Other Income	0.0	0.0	0.0	0.0
Total Income	17166.5	14737.5	14524.7	14849.5
Expenses:				
Cost of Materiel Sold from Inventory	8313.4	9180.4	8641.5	8765.3
Negotiated Purchases from Customers	414.5	398.0	385.5	401.9
Transportation	67.3	61.4	67.9	62.4
Salaries and Wages:				
Military Personnel	1100.7	21.5	21.4	21.8
Civilian Personnel	2078.2	1496.0	1460.9	1399.9
Materials, Supplies and				
Parts used in Operations	1734.4	1755.5	1566.5	1703.5
Facility Repair Charge	40.2	38.1	36.6	37.0
Depreciation - Capital	264.1	123.1	118.1	116.9
Contracted Engineering Services	3.2	3.7	3.7	2.9
Lease Costs	5.4	3.0	2.9	2.9
Purchased Utilities	112.1	51.2	52.2	49.9
Purchased Communications	12.6	3.6	3.6	3.5
Equipment Maintenance	83.3	75.7	74.0	72.4
Fuel	198.4	17.4	17.8	18.4
Other Expenses	2187.0	1680.9	2205.0	2157.0
Total Expenses	16711.1	14900.4	14643.9	14797.9
Other Changes affecting NOR/AOR	-25.1	0.0	-121.0	-51.4
Operating Result	430.0	-162.9	-240.3	0.0
Prior Year AOR	-23.1	403.0	240.1	0.0
Accumulated Operating Result	406.9	240.1	0.0	0.0

**DEFENSE BUSINESS OPERATIONS FUND - AIR FORCE
FY 1996/1997 BUDGET ESTIMATE**

DBOF TOTAL SUMMARY - FINANCIAL HIGHLIGHTS

(M)	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1997</u>
Cost of Goods Sold	16,518.5	15,811.6	14,671.3	14,833.5
Net Operating Results	430.0	(162.9)	(240.3)	0.0
Accumulated Operating Results	406.9	240.1	0.0	0.0
Civilian End Strength	47,750	31,925	30,974	30,679
Military End Strength	27,327	480	1,846	1,857
Civilian Workyears	46,487	32,060	32,085	30,836
Military Workyears	27,037	596	1,973	1,978
Capital Budget Program Authority	136.8	56.4	61.8	35.2

***UNITED STATES AIR
FORCE
DEFENSE BUSINESS
OPERATIONS FUND***



FY 1996/1997

OPERATING BUDGET

***February 1995
UNCLASSIFIED***

DEFENSE BUSINESS OPERATIONS FUND - AIR FORCE
FY 1996/1997 PRESIDENT'S BUDGET

SUPPLY MANAGEMENT NARRATIVE

FUNCTIONAL DESCRIPTION

The Air Force Supply Management Business Area of the Defense Business Operations Fund (the Fund) is a dynamic businesslike activity which is composed of all the resources and financial operations of the former Air Force Stock Fund with the exception of the Commissary Division. The Air Force Supply Management Business Area composition includes the following eight diverse divisions: System Support Division (wholesale - consumables), Reparable Support Division (wholesale - reparable), Cost of Operations Division (wholesale - inventory control point operations), General Support Division (retail), Fuels Division (retail), Medical-Dental Division (retail), U. S. Air Force Academy Cadet Division (retail) and beginning in FY 1996 the Troop Support Division (retail). The Supply Management Business Area includes the management of approximately two million items, including weapon system spare parts, fuels, medical-dental supplies and equipment, food items for troop support, and items used in non-weapon system applications. The Air Force Supply Management Business Area is an equal partner in the support of combat readiness for all its customers by procuring critical materiel and making repair parts available to the appropriate activities. Materiel is procured from vendors and held in inventory for sale to authorized customers. The Cost of Operations Division is the only non-inventory division. It includes the inventory control points which manage and purchase designated national stock numbered items for all Department of Defense authorized customers.

BUDGET HIGHLIGHTS

General

The Reparable Support Division (RSD) manages depot level reparable items for which the Air Force is the Inventory Control Point. These items are generally weapon system related. In FY 1994 the number of items managed within the RSD increased by 7,266 items, or about four percent due primarily to the capitalization of initial spares into the RSD business area. In FY 1995, T56 and F100 engine modules were also capitalized into the business area while in FY 1996 we will decapitalize Minuteman and Peacekeeper missile guidance sets. These program adjustments coupled with changes in programmed flying hours will increase sales in FY 1995 to \$3,898.2M and then significantly decrease in FY 1996 to \$3,248.1M. Sales are projected to increase in FY 1997 by \$133.8M to \$3,381.9M due primarily to an increase in programmed flying hours.

**DEFENSE BUSINESS OPERATIONS FUND - AIR FORCE
FY 1996/1997 PRESIDENT'S BUDGET**

SUPPLY MANAGEMENT NARRATIVE CONTINUED

The System Support Division (SSD) manages the consumable items for which the Air Force is the Inventory Control point. Phase I of the consumable items transfer to the Defense Logistics Agency (DLA) is programmed to be completed by April 1995, leaving 173,000 items to be managed within the SSD business area. The net sales projections reflect this transfer going from a high of \$947.9M in FY 1994 to \$608.5M in FY 1996. In FY 1997, sales will increase to \$632.7M due to programmatic changes to include increased flying hours.

The Cost of Operations Division (COD) provides cost visibility related to the wholesale inventory control point operations (including cataloging and standardization) in support of the Repairable and System Support Divisions. Costs included in this division include civilian and military labor, travel, supplies/materials, expendable equipment, and contractual services. Since COD has no sales, revenue to support this function is obtained from surcharge collections resulting from the sale of System Support and Repairable Support inventories. The make up of the COD changed dramatically in FY 1995 as a significant portion will be realigned to better portray pure inventory control point operations, which will bring the Air Force logistics overhead more in line with other Components, and reduce the surcharge to customers.

The General Support Division (GSD) finances the Air Force retail inventory and issue requirements for all non-Air Force managed items other than those pertaining to peculiar medical, troop support, and fuels requirements. While many items are related to installation, maintenance, and administrative functions, the majority are used in support of field and depot maintenance of aircraft, ground and airborne communication and electronic systems, and other sophisticated systems and equipment. GSD, in many ways, benefits from the transfer of SSD items to DLA. The Air Force still requires these items for operations but they now must be purchased by the customer through GSD since DLA is assuming responsibility for the transferred items. GSD sales of \$1,936.7M in FY 1994, \$2,170.9M in FY 1995, and \$2,228.5M in FY 1996 reflect that transfer as well as normal inflation. In FY 1997, the increase to \$2,284.4M is due primarily to inflation.

The Fuels Division will transfer the ownership of all bulk inventories of ground fuel to the Defense Fuels Supply Center as of 1 October 1995. All other aspects of the Air Force's role in executing the installation fuel mission remains the same.

**DEFENSE BUSINESS OPERATIONS FUND - AIR FORCE
FY 1996/1997 PRESIDENT'S BUDGET**

SUPPLY MANAGEMENT NARRATIVE CONTINUED

As of October 1, 1995 the Defense Commissary Agency (DeCA) will divest themselves of all but 19 military positions from DeCA and will transfer the Troop Issue Support mission back to the Air Force. Since DeCA is still responsible for the mission through FY 1995, they have prepared the budget inputs for FY 1994 and FY 1995. The Troop Support Division will manage approximately 83 base level Troop Support operations and other authorized activities such as nonappropriated fund activities, and reserve and guard units. The Troop Support Division is also responsible for the requisitioning and managing the Meals Ready to Eat for the War Readiness Mission. Projected Net Sales for this division will be \$118.0M for both FY 1996 and FY 1997.

Workload and Economic Assumptions - The table below provides workload data and economic assumptions used in the development of this budget estimate. The numbers represent totals and averages for the Air Force Supply Management Business Area but does not represent a particular division.

(\$000s)

DESCRIPTION	FY 1994	FY 1995	FY 1996	FY 1997
Cost of Goods Sold	\$ 8,313.4	\$ 9,180.4	\$ 8,641.5	\$ 8,765.3
Net Operating Results	\$ 502.6	-\$ 127.0	-\$ 252.1	0
Accumulated Operating Results	\$ 379.1	\$ 252.1	0	0
Workload/ Performance Indicators				
Issues & Receipts	5,807,482	5,026,000	4,922,092	4,827,000
Number of Items managed	2,385,245	2,352,997	2,349,639	2,349,639
Unit Cost	\$.909	\$.928	\$.994	\$.969

DEFENSE BUSINESS OPERATIONS FUND - AIR FORCE
FY 1996/1997 PRESIDENT'S BUDGET

SUPPLY MANAGEMENT NARRATIVE CONTINUED

Civilian End Strength	8,232	2,583	2,329	2,267
Military End Strength	473	61	61	72
Civilian Workyears	8,642	2,622	2,456	2,298
Military Workyears	0	61	61	72

Customer Prices - Prices for wholesale (consumable and repairable items) division items are determined by adding the overhead expenses to the cost of goods sold. Wholesale activities are required to capture total costs through rates charged to our various customers.

The approved changes to customer prices for wholesale activities are:

	<u>FY 1996</u>	<u>FY 1997</u>
System Support	-21.59%	+7.89%
Reparable Support	-14.51%	+4.58%
Composite	-16.53%	+5.29%

The Air Force has and is continuing to work diligently to reduce operating costs as well as the prices which are charged to its' various customers.

Source of Revenue - Customer orders range from \$10.2B in FY 1994, \$10.2B in FY 1995, \$9.6B in FY 1996 to \$9.9B in FY 1997. There is considerable change in the mix of orders as significant sales are moving from System Support Division (SSD) to General Support Division (GSD) as a result of the Consumable Item Transfer. GSD increases in orders from FY 1994 to FY 1995 by \$301.8M while SSD decreases in sales \$172.1M over the same period. Customer funding for fuels decreased by \$438.2M between FY 1994 and FY 1995 as fuel prices decreased by over \$5.04 per barrel. During the same period, revenue in the Reparable Support Division increased by \$370.6M due primarily to the capitalization of engine modules and the increased cost of Depot Maintenance Repair. In FY 1996 revenue of \$118.0M will be collected for the new Troop Support Division within Supply Management. This increase is more than offset by the reduction in revenue within both RSD and SSD due to reductions in programmed

**DEFENSE BUSINESS OPERATIONS FUND - AIR FORCE
FY 1996/1997 PRESIDENT'S BUDGET**

SUPPLY MANAGEMENT NARRATIVE CONTINUED

—
flying hours and a changing force structure. For RSD this reduction is further amplified by reduced Depot Maintenance Repair costs. In FY 1997 sales will be increased due to programmed flying hour increases and Program Budget Decision adjustments as well as an increase in the price of fuel.

Material Inventory - The mix of inventory continues to be fluid as we decapitalize ground fuel as of October 1, 1995 and continue to capitalize engine modules throughout the same timeframe. Even with these changes by the end of period FY 1997, our inventory will decrease to \$30,216.4M.

Civilian and Military Workyears and Endstrengths - Between FY 1994 and FY 1995 69.6 percent of the manpower authorizations were transferred from the Cost of Operations Division to Air Force Operations and Maintenance appropriations to properly reflect the true cost of operations within the Supply Management Wholesale Division. Another 9.6 percent of manpower authorizations will be transferred from the Cost of Operations Division to the newly established Information Services Business Area of the Defense Business Operating Fund at the beginning of FY 1996.

Unit Cost - Costs increased from FY 1994 to FY 1995 to include condemnations (including unfunded requirements carried over from FY 1994), increased FMS requirements, and other additives such as the F110 engine hard life limit and the C-17 provisioning. Repair obligations increased by \$294.7M which reflects the approved Depot Maintenance Business Area rate increase. The primary increase in the FY 1996 unit cost is due to the reduction in sales consistent with programmed flying hours and force structure. In FY 1997 sales increase consistent with the increased flying hour program and reduced repair requirements.

Capital Budget Program - Authority for the Capital Budget Program increased from FY 1994 to FY 1995 as the result of a transfer of Automated Data Processing Equipment from the Joint Logistics System Center to the Cost of Operations Division. The FY 1996 and FY 1997 ADPE requirements are also for requirements transferred from the Joint Logistics System Center.

**DEFENSE BUSINESS OPERATIONS FUND
FY 1996/1997 BUDGET ESTIMATE**

**SUPPLY MANAGEMENT - AIR FORCE
REVENUE AND EXPENSES
(Dollars in Millions)**

	FY 1994	FY 1995	FY 1996	FY 1997
Revenue:				
Gross Sales	10,203.113	10,164.172	9,555.919	9,853.197
Operations	10,142.837	10,138.760	9,536.629	9,833.903
Capital Surcharge	0.000	0.000	0.000	0.000
Depreciation exc Maj Const	60.276	25.412	19.290	19.294
Major Construction Dep	0.000	0.000	0.000	0.000
Other Income	0.000	0.000	0.000	0.000
Refunds/Discounts (-)	0.000	0.000	0.000	0.000
Total Income:	10,203.113	10,164.172	9,555.919	9,853.197
Expenses:				
Cost of Materiel Sold from Inv	8,313.381	9,180.440	8,641.516	8,765.263
Negotiated Purch from Customers	414.476	398.000	385.480	401.957
Transportation	50.265	61.111	66.804	61.734
Salaries and Wages:				
Military Personnel	31.300	3.630	3.709	4.141
Civilian Personnel	378.396	131.912	128.320	119.849
Materials, Supplies, Parts	17.326	5.863	5.677	5.421
Facility Repair Charge	0.112	0.117	0.117	0.117
Depreciation - Capital	29.843	22.762	15.450	15.454
Contracted Engineering Svcs	2.209	1.698	1.700	1.700
Lease Costs	0.154	0.016	0.016	0.016
Purchased Utilities	0.012	0.015	0.015	0.015
Purchased Communications	1.587	0.933	0.955	0.900
Equipment Maintenance	19.889	11.162	7.362	7.489
Fuel	0.026	0.007	0.007	0.007
Other Expenses	441.508	473.484	429.791	417.734
Total Expenses	9,700.484	10,291.150	9,686.919	9,801.797
Operating Result	502.629	(126.978)	(131.000)	51.400
Less Capital Surchg Reservation	0.000	0.000	121.100	51.400
Plus Approps Affecting NOR/AOR	0.000	0.000	0.000	0.000
Other Changes Affecting NOR/AOR	0.000	0.000	0.000	0.000
Net Operating Result	502.629	(126.978)	(252.100)	0.000
Prior Year AOR	(123.551)	379.078	252.100	0.000
Accumulated Operating Result	379.078	252.100	0.000	0.000

**DEFENSE BUSINESS OPERATIONS FUND
FY 1996/1997 BUDGET ESTIMATE**

**SUPPLY MANAGEMENT - AIR FORCE
SOURCE OF REVENUE
(Dollars in Millions)**

FUND11	FY 1994	FY 1995	FY 1996	FY 1997
1. NEW ORDERS				
a. ORDERS FROM DOD COMPONENTS:				
AIRCRAFT PROCUREMENT	95.381	94.402	93.583	95.165
MISSILE PROCUREMENT	7.345	6.598	8.558	8.277
OTHER PROCUREMENT	6.513	14.745	16.314	16.730
MILITARY CONSTRUCTION - AF	0.043	0.148	0.177	0.200
OPERATIONS & MAINTENANCE - AF	4342.131	4249.305	3481.347	3659.627
MILITARY PERSONNEL - AF	23.068	27.875	151.850	155.483
RESEARCH AND DEVELOPMENT - AF	196.103	197.841	221.576	228.473
RESERVE PERSONNEL - AF	3.162	2.891	3.522	4.104
OPERATIONS & MAINTENANCE - AFRES	356.932	366.031	324.728	348.005
OPERATIONS & MAINTENANCE - ANG	888.416	908.920	688.753	756.557
GUARD PERSONNEL - ANG	5.526	9.531	9.669	10.752
OTHER AF STOCK FUNDS	105.558	85.411	120.681	148.295
AIRLIFT SERVICE INDUSTRIAL FUND	996.335	818.619	834.180	845.776
DEPOT MAINTENANCE INDUSTRIAL FUND	1521.543	1940.294	1830.876	1854.557
OTHER INDUSTRIAL FUNDS	0.275	0.311	0.377	0.411
FAMILY HOUSING	28.198	36.562	41.789	44.636
COMMISSARY, SUR COLL	0.004	0.050	0.011	0.003
TOTAL	8576.532	8759.534	7827.991	8177.051
b. ORDERS FROM OTHER FUND BUSINESS AREAS				
ARMY	38.988	44.284	48.604	48.381
NAVY	312.968	248.321	251.785	257.942
MAP/GRANT AID	-5.775	0.269	0.214	0.230
OTHER DOD	610.848	607.489	660.663	717.285
TOTAL	957.029	900.363	961.266	1023.838
c. TOTAL DOD	9533.561	9659.897	8789.257	9200.889

**DEFENSE BUSINESS OPERATIONS FUND
FY 1996/1997 BUDGET ESTIMATE**

**SUPPLY MANAGEMENT - AIR FORCE
SOURCE OF REVENUE
(Dollars in Millions)**

FUND11	FY 1994	FY 1995	FY 1996	FY 1997
d. OTHER ORDERS:				
OTHER FEDERAL AGENCIES	100.349	104.384	119.257	121.724
TRUST FUND	4.686	4.763	4.785	4.832
NON FEDERAL AGENCIES	596.822	538.081	528.096	512.086
TOTAL	701.857	647.228	652.138	638.642
TOTAL NEW ORDERS	10235.418	10309.508	9439.012	9839.531
2. CARRY-IN ORDERS	1528.170	1560.475	1705.811	1588.904
3. TOTAL GROSS ORDERS	11763.588	11869.983	11144.823	11428.435
4. CHANGE TO BACKLOG	32.305	145.336	-116.907	-13.666
5. TOTAL GROSS SALES	10203.113	10164.172	9555.919	9853.197

SUPPLY MANAGEMENT - AIR FORCE
CHANGES IN COST OF OPERATIONS
(Dollars in Millions)

FY 1994 Actual Cost	9,306.200
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Pricing Adjustments

Inflation and Price Changes	-189.060
Civilian Pay Changes	7.000
DMBA Rate Change	220.400
Total Price Changes	38.340

Program Adjustments

RSD, primarily capitalization of initial spares	340.000
COD, primarily infrastructure reduction, and realignment of costs to O&M	-277.155
GSD, transfer of SSD items to DLA; customer pays through GSD	180.600
Other	-34.740
Total Program Adjustments	208.705
Total Adjustments	247.045

FY 1995 Current Estimate	9,553.245
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Pricing Adjustments

Inflation and Price Changes	328.070
Civilian Pay Changes	3.800
DMBA Rate Change	11.490
Total Price Changes	343.360

Program Adjustments

RSD, primarily due to capitalization of T56 and F100 engine modules	241.222
SSD, due to Phase I of the Consumable Item Transfer	-109.430
COD, due to the elimination of DRMS and JLSC costs	-55.643
New Business Area Start-Up, Troop Support	118.000
Fuels, decreased fuel requirements and AF downsizing	-152.220
Other	43.660

DEFENSE BUSINESS OPERATIONS FUND - AIR FORCE
FY 1996/1997 BUDGET ESTIMATE

SUPPLY MANAGEMENT - AIR FORCE
CHANGES IN COST OF OPERATIONS (Continued)
(Dollars in Millions)

Total Program Adjustments	85.589
Total Adjustments	428.949
 FY96 Estimate	 9,982.194
 Pricing Adjustments	
Inflation and Price Changes	304.634
Civilian Pay Changes	4.300
DMBA Rate Change	44.440
Total Price Changes	353.374
 Program Adjustments	
RSD, obligation limitation and decapitalization of missile guidance sets	-525.298
Fuels, due to reduced customer funding based on PBD 602, Fuels Pricing	-113.610
Other	-21.738
Total Program Adjustments	-660.646
Total Adjustments	-307.272
 FY97 Estimate	 9,674.922

**DEFENSE BUSINESS OPERATIONS FUND
FY 1996/1997 BUDGET ESTIMATE**

**SUPPLY MANAGEMENT - AIR FORCE
MATERIAL INVENTORY DATA
(Dollars in Millions)**

FY 1994 FUND-16	Total	Mobil	Peacetime Operating	Peacetime Other
Materiel Inventory BOP	32,966.740	749.148	16,531.736	15,685.856
BOP Reclassification Changes	0.000	0.000	0.000	0.000
Price Changes	4,406.176	271.910	2,157.091	1,977.175
Receipts From Commercial Sources	7,677.630	140.549	6,661.429	875.652
Negotiated Purchases From Cust	414.476	0.000	414.476	0.000
Gross Sales	10,203.113	0.000	10,203.113	0.000
Materiel Inventory Adjustments				
A. CAPITALIZATIONS + or (-)	466.367	45.985	337.260	83.122
C. RETURNS TO SUPPLIERS (-)	(230.944)	(0.944)	(131.691)	(98.309)
D. TRANSFERS TO PROP. DISPOSAL	(4,761.728)	(32.551)	(0.215)	(4,728.962)
E. ISSUES/RECEIPTS W/O REIMBURSEMENT = or (-)	4,612.934	349.897	2,225.224	2,037.813
F. OTHER	(2,957.770)	(540.094)	2,189.799	(4,607.475)
G. TOTAL ADJUSTMENTS	(2,871.141)	(177.707)	4,620.377	(7,313.811)
Materiel Inventory EOP	32,390.768*	983.900	20,181.996	11,224.872
A. ECONOMIC RETENTION (Memo)	8,222.958	0.000	0.000	8,222.958
B. POLICY RETENTION (Memo)	2,564.870	0.000	0.000	2,564.870
C. POTENTIAL EXCESS (Memo)	437.044	0.000	0.000	437.044
Materiel Inventory On Order EOP	3,387.390	134.381	2,140.591	1,112.418

*The year end 1994 official DOD accounting reports reflect Materiel Inventory EOP of 35,803.911. The variance is due to errors in the reports subsequently corrected in November 1994.

**DEFENSE BUSINESS OPERATIONS FUND
FY 1996/1997 BUDGET ESTIMATE**

**SUPPLY MANAGEMENT - AIR FORCE
MATERIAL INVENTORY DATA
(Dollars in Millions)**

FY 1995 FUND-16	Total	Mobil	Peacetime Operating	Peacetime Other
Materiel Inventory BOP	32,390.768	983.900	20,181.996	11,224.872
BOP Reclassification Changes	0.000	0.000	0.000	0.000
Price Changes	(1,282.420)	(84.414)	(608.775)	(589.231)
Receipts From Commercial Sources	7,461.879	137.688	6,527.045	797.146
Negotiated Purchases From Cust	398.000	0.000	398.000	0.000
Gross Sales	10,164.172	0.000	10,164.172	0.000
Materiel Inventory Adjustments				
A. CAPITALIZATIONS + or (-)	1,999.188	67.324	1,477.931	453.933
C. RETURNS TO SUPPLIERS (-)	(91.851)	(2.189)	(4.699)	(84.963)
D. TRANSFERS TO PROP. DISPOSAL	(4,214.850)	(19.555)	(9.052)	(4,186.243)
E. ISSUES/RECEIPTS W/O REIMBURSEMENT = or (-)	409.902	29.281	242.183	138.438
F. OTHER	3,830.015	(131.197)	1,312.806	2,648.406
G. TOTAL ADJUSTMENTS	1,932.404	(56.336)	3,019.169	(1,030.429)
Materiel Inventory EOP	30,736.459	980.838	19,353.263	10,402.358
A. ECONOMIC RETENTION (Memo)	7,680.068	0.000	0.000	7,680.068
B. POLICY RETENTION (Memo)	2,541.822	0.000	0.000	2,541.822
C. POTENTIAL EXCESS (Memo)	180.468	0.000	0.000	180.468
Materiel Inventory On Order EOP	4,150.766	65.959	2,384.199	1,700.608

**DEFENSE BUSINESS OPERATIONS FUND
FY 1996/1997 BUDGET ESTIMATE**

**SUPPLY MANAGEMENT - AIR FORCE
MATERIAL INVENTORY DATA
(Dollars in Millions)**

FY 1996 FUND-16	Total	Mobil	Peacetime Operating	Peacetime Other
Materiel Inventory BOP	30,736.459	980.838	19,353.263	10,402.358
BOP Reclassification Changes	0.000	0.000	0.000	0.000
Price Changes	(1,989.872)	(105.998)	(995.099)	(888.775)
Receipts From Commercial Sources	7,797.397	146.243	6,762.092	889.062
Negotiated Purchases From Cust	385.480	0.000	385.480	0.000
Gross Sales	9,555.919	0.000	9,555.919	0.000
Materiel Inventory Adjustments				
A. CAPITALIZATIONS + or (-)	1,099.207	105.762	508.162	485.283
C. RETURNS TO SUPPLIERS (-)	(91.240)	(0.907)	(5.643)	(84.690)
D. TRANSFERS TO PROP. DISPOSAL	(4,032.259)	(20.502)	(0.066)	(4,011.691)
E. ISSUES/RECEIPTS W/O REIMBURSEMENT = or (-)	265.196	19.044	163.027	83.125
F. OTHER	5,124.015	(97.656)	2,148.885	3,072.787
G. TOTAL ADJUSTMENTS	2,364.919	5.741	2,814.365	(455.186)
Materiel Inventory EOP	29,738.464	1,026.823	18,764.181	9,947.459
A. ECONOMIC RETENTION (Memo)	7,340.060	0.000	0.000	7,340.060
B. POLICY RETENTION (Memo)	2,428.462	0.000	0.000	2,428.462
C. POTENTIAL EXCESS (Memo)	178.937	0.000	0.000	178.937
Materiel Inventory On Order EOP	4,934.827	32.821	2,833.024	2,068.982

**DEFENSE BUSINESS OPERATIONS FUND
FY 1996/1997 BUDGET ESTIMATE**

**SUPPLY MANAGEMENT - AIR FORCE
MATERIAL INVENTORY DATA
(Dollars in Millions)**

FY 1997 FUND-16	Total	Mobil	Peacetime Operating	Peacetime Other
Materiel Inventory BOP	29,738.464	1,026.823	18,764.181	9,947.459
BOP Reclassification Changes	0.000	0.000	0.000	0.000
Price Changes	713.146	46.019	385.841	281.286
Receipts From Commercial Sources	7,994.345	147.960	6,931.299	915.086
Negotiated Purchases From Cust	401.957	0.000	401.957	0.000
Gross Sales	9,853.197	0.000	9,853.197	0.000
Materiel Inventory Adjustments				
A. CAPITALIZATIONS + or (-)	993.143	75.410	456.906	460.827
C. RETURNS TO SUPPLIERS (-)	(88.848)	(0.902)	(5.633)	(82.313)
D. TRANSFERS TO PROP. DISPOSAL	(3,947.870)	(21.097)	(0.079)	(3,926.694)
E. ISSUES/RECEIPTS W/O REIMBURSEMENT = or (-)	102.490	8.054	87.539	6.897
F. OTHER	4,162.791	(229.002)	1,926.809	2,464.985
G. TOTAL ADJUSTMENTS	1,221.706	(167.537)	2,465.542	(1,076.298)
Materiel Inventory EOP	30,216.421	1,053.265	19,095.623	10,067.533
A. ECONOMIC RETENTION (Memo)	7,435.245	0.000	0.000	7,435.245
B. POLICY RETENTION (Memo)	2,452.165	0.000	0.000	2,452.165
C. POTENTIAL EXCESS (Memo)	180.123	0.000	0.000	180.123
Materiel Inventory On Order EOP	5,158.092	19.351	3,156.715	1,982.026

**DEFENSE BUSINESS OPERATIONS FUND
FY 1996/1997 BUDGET ESTIMATE**

**SUPPLY MANAGEMENT - AIR FORCE
FUEL DATA
(Dollars in Millions)**

FY 1994 PRODUCT	PROCURED FROM DFSC			PROCURED BY SERVICE			
	BARRELS (MIL BBLS)	COST PER BARREL (\$)	EXTENDED PRICE (\$ MIL)	BARRELS (MIL BBLS)	COST PER BARREL (\$)	EXTENDED PRICE (\$ MIL)	STABIL PRICE (\$)
JP-4	32.18410	32.34	1,040.834	0.16772	38.64	6.481	0.77
JA-1	0.72250	34.86	25.186	0.57010	41.16	23.465	0.83
JP-5	2.81110	35.70	100.356	0.00695	39.90	0.277	0.85
JP-8	36.88800	34.86	1,285.916	0.16820	39.48	6.641	0.83
AVGAS	0.00000	0.00	0.000	0.00000	0.00	0.000	0.00
INTO-PLANE	0.94666	52.08	49.302	0.00000	0.00	0.000	1.24
MOGAS,UNL	0.14524	38.22	5.551	0.61225	38.64	23.657	0.68
MOGAS,LD	0.01885	40.74	0.768	0.04915	41.16	2.023	0.84
DISTILLATE	0.95360	32.76	31.240	1.29952	39.90	51.851	0.68
RESIDUALS	0.00000	25.62	0.000	0.33580	39.48	13.257	0.42
LIQ PROP	0.00000	0.00	0.000	0.00000	0.00	0.000	0.00
PPV ADJ	0.00000	0.00	0.000	0.00000	0.00	0.000	0.00
SUBTOTAL	74.67005		2,539.153	3.20969		127.652	
LESS: DFSC ALLOW. & RETURNS:							
AVFUELS			0.000			0.000	
GRNDFUELS			0.000			0.000	
TOTAL	74.67005		2,539.153	3.20969		127.652	
MEMO: OTHER DOD:							
US ARMY	0.00000		0.000				
US NAVY	0.00000		0.000				
OTHER	0.00000		0.000				

**DEFENSE BUSINESS OPERATIONS FUND
FY 1996/1997 BUDGET ESTIMATE**

**SUPPLY MANAGEMENT - AIR FORCE
FUEL DATA
(Dollars in Millions)**

FY 1995 PRODUCT	PROCURED FROM DFSC			PROCURED BY SERVICE			
	BARRELS (MIL BBLS)	COST PER BARREL (\$)	EXTENDED PRICE (\$ MIL)	BARRELS (MIL BBLS)	COST PER BARREL (\$)	EXTENDED PRICE (\$ MIL)	STABIL PRICE (\$)
JP-4	0.18630	29.82	5.555	0.14660	33.85	4.962	0.71
JA-1	0.10030	29.82	2.991	0.35910	36.06	12.949	0.71
JP-5	1.81200	30.66	55.556	0.00620	34.95	0.217	0.73
JP-8	68.07120	29.82	2,029.883	0.09990	34.58	3.455	0.71
AVGAS	0.00000	88.62	0.000	0.00000	0.00	0.000	2.11
INTO-PLANE	1.09410	39.06	42.736	0.00000	0.00	0.000	0.93
MOGAS, UNL	0.19760	28.56	5.643	0.60260	32.18	19.392	0.68
MOGAS, LD	0.06740	35.28	2.378	0.03890	34.75	1.352	0.84
DISTILLATE	1.52680	28.56	43.605	1.87560	26.92	50.491	0.68
RESIDUALS	0.00000	17.64	0.000	0.38750	14.86	5.758	0.42
LIQ PROP	0.00000	0.00	0.000	0.00000	0.00	0.000	0.00
PPV ADJ	0.00000	0.00	0.000	0.00000	0.00	0.000	0.00
SUBTOTAL	73.05570		2,188.348	3.51640		98.576	
LESS: DFSC ALLOW. & RETURNS:							
AVFUELS			0.000			0.000	
GRNDFUELS			0.000			0.000	
TOTAL	73.05570		2,188.348	3.51640		98.576	
MEMO: OTHER DOD:							
US ARMY	0.00000		0.000				
US NAVY	0.00000		0.000				
OTHER	0.00000		0.000				

**DEFENSE BUSINESS OPERATIONS FUND
FY 1996/1997 BUDGET ESTIMATE**

**SUPPLY MANAGEMENT - AIR FORCE
FUEL DATA
(Dollars in Millions)**

FY 1996 PRODUCT	PROCURED FROM DFSC			PROCURED BY SERVICE			
	BARRELS (MIL BBLs)	COST PER BARREL (\$)	EXTENDED PRICE (\$ MIL)	BARRELS (MIL BBLs)	COST PER BARREL (\$)	EXTENDED PRICE (\$ MIL)	STABIL PRICE (\$)
JP-4	0.17780	31.92	5.675	0.14120	35.91	5.070	0.76
JA-1	0.09580	31.92	3.058	0.34580	38.26	13.230	0.76
JP-5	1.73280	32.76	56.767	0.00600	37.08	0.222	0.78
JP-8	64.98150	31.92	2,074.209	0.09620	36.69	3.530	0.76
AVGAS	0.00000	94.92	0.000	0.00000	0.00	0.000	2.26
INTO-PLANE	1.06090	41.16	43.667	0.00000	0.00	0.000	0.98
MOGAS,UNL	0.18560	30.66	5.690	0.56380	31.50	17.760	0.68
MOGAS,LD	0.06560	37.80	2.480	0.03130	37.02	1.159	0.84
DISTILLATE	1.42330	30.66	43.638	1.55600	30.13	46.882	0.68
RESIDUALS	0.00000	18.48	0.000	0.21550	19.33	4.166	0.42
LIQ PROP	0.00000	0.00	0.000	0.00000	0.00	0.000	0.00
PPV ADJ	0.00000	0.00	0.000	0.00000	0.00	0.000	0.00
SUBTOTAL	69.72330		2,235.185	2.95580		92.019	
LESS: DFSC ALLOW. & RETURNS:							
AVFUELS			0.000			0.000	
GRNDFUELS			0.000			0.000	
TOTAL	69.72330		2,235.185	2.95580		92.019	
MEMO: OTHER DOD:							
US ARMY	0.00000		0.000				
US NAVY	0.00000		0.000				
OTHER	0.00000		0.000				

DEFENSE BUSINESS OPERATIONS FUND
FY 1996/1997 BUDGET ESTIMATE

SUPPLY MANAGEMENT - AIR FORCE
FUEL DATA
(Dollars in Millions)

FY 1997 PRODUCT	PROCURED FROM DFSC			PROCURED BY SERVICE			
	BARRELS (MIL BBLs)	COST PER BARREL (\$)	EXTENDED PRICE (\$ MIL)	BARRELS (MIL BBLs)	COST PER BARREL (\$)	EXTENDED PRICE (\$ MIL)	STABIL PRICE (\$)
JP-4	0.17750	34.02	6.039	0.14160	38.10	5.395	0.81
JA-1	0.09560	34.02	3.252	0.34670	40.59	14.073	0.81
JP-5	1.73180	34.86	60.371	0.00600	39.34	0.236	0.83
JP-8	64.84110	34.02	2,205.894	0.09640	38.93	3.753	0.81
AVGAS	0.00000	101.22	0.000	0.00000	0.00	0.000	2.41
INTO-PLANE	1.05310	44.10	46.442	0.00000	0.00	0.000	1.05
MOGAS, UNL	0.15960	32.76	5.228	0.56250	30.99	17.432	0.68
MOGAS, LD	0.05780	40.32	2.330	0.03560	38.53	1.372	0.84
DISTILLATE	1.33690	32.76	43.797	1.52560	29.48	44.975	0.68
RESIDUALS	0.00000	20.16	0.000	0.29860	16.16	4.825	0.42
LIQ PROP	0.00000	0.00	0.000	0.00000	0.00	0.000	0.00
PPV ADJ	0.00000	0.00	0.000	0.00000	0.00	0.000	0.00
SUBTOTAL	69.45340		2,373.353	3.01300		92.060	
LESS: DFSC ALLOW. & RETURNS:							
AVFUELS			0.000			0.000	
GRNDFUELS			0.000			0.000	
TOTAL	69.45340		2,373.353	3.01300		92.060	
MEMO: OTHER DOD:							
US ARMY	0.00000		0.000				
US NAVY	0.00000		0.000				
OTHER	0.00000		0.000				

**DEFENSE BUSINESS OPERATIONS FUND
FY 1996/1997 BUDGET ESTIMATE**

**SUPPLY MANAGEMENT - AIR FORCE
MATERIAL COST SUMMARY
FY 1994**

(Dollars in Millions)

DIVISION	NET			COST TARGETS					COMMITMENT	
	PEACETIME INVENTORY	CUSTOMER ORDERS	NET SALES	OPERATING	MOB	OTHER	TOTAL		TARGET	TOTAL
Supply Management Business Area										
ICP Retail Summary										
Fuels	84.214	2,813.430	2,813.430	2,711.922	0.000	0.000	2,711.922		0.000	2,711.922
GSD	1,388.091	1,945.112	1,936.739	1,885.405	0.000	0.000	1,885.405		269.103	2,154.508
Med/Dent	75.868	572.268	558.408	564.816	10.931	0.000	575.747		0.000	575.747
Academy	4.909	4.591	4.591	4.833	0.000	0.000	4.833		0.100	4.933
Troop Issue	0.000	0.000	0.000	0.000	0.000	0.000	0.000		0.000	0.000
Subtotal	1,553.082	5,335.401	5,313.168	5,166.976	10.931	0.000	5,177.907		269.203	5,447.110
ICP Wholesale Summary										
RSD	40,287.429	3,565.038	3,527.566	2,208.492	0.000	434.134	2,642.626		0.000	2,642.626
SSD	4,171.651	920.503	947.903	511.168	0.000	0.000	511.168		26.067	537.235
COD	0.000	0.000	0.000	970.800	0.000	3.673	974.473		0.000	974.473
Subtotal	44,459.080	4,485.541	4,475.469	3,690.460	0.000	437.807	4,128.267		26.067	4,154.334
Component Total	46,012.162	9,820.942	9,788.637	8,857.436	10.931	437.807	9,306.174		295.270	9,601.444

**DEFENSE BUSINESS OPERATIONS FUND
FY 1996/1997 BUDGET ESTIMATE**

**SUPPLY MANAGEMENT - AIR FORCE
MATERIAL COST SUMMARY
FY 1995
(Dollars in Millions)**

DIVISION	NET			COST TARGETS					COMMITMENT TARGET	TARGET TOTAL		
	PEACETIME INVENTORY	CUSTOMER ORDERS	NET SALES	OPERATING	MOB	OTHER	TOTAL					
Supply Management Business Area												
ICP Retail Summary												
Fuels	46.798	2,375.212	2,375.212	2,370.500	0.000	0.000	2,370.500	0.000		2,370.500		
GSD	1,329.857	2,246.931	2,170.880	2,125.539	0.000	0.000	2,125.539	300.000		2,425.539		
Med/Dent	76.498	546.774	541.400	541.300	25.100	0.000	566.400	16.400		582.800		
Academy	5.159	4.680	4.680	4.680	0.000	0.000	4.680	0.100		4.780		
Troop Issue	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000		0.000		
Subtotal	1,458.312	5,173.597	5,092.172	5,042.019	25.100	0.000	5,067.119	316.500		5,383.619		
ICP Wholesale Summary												
RSD	38,770.572	3,927.992	3,898.200	2,765.459	0.000	475.286	3,240.745	0.000		3,240.745		
SSD	3,818.710	809.919	775.800	521.100	0.000	0.000	521.100	12.322		533.422		
COD	0.000	0.000	0.000	710.346	0.000	13.943	724.289	0.000		724.289		
Subtotal	42,589.282	4,737.911	4,674.000	3,996.905	0.000	489.229	4,486.134	12.322		4,498.456		
Component Total	44,047.594	9,911.508	9,766.172	9,038.924	25.100	489.229	9,553.253	328.822		9,882.075		

**DEFENSE BUSINESS OPERATIONS FUND
FY 1996/1997 BUDGET ESTIMATE**

**SUPPLY MANAGEMENT - AIR FORCE
MATERIAL COST SUMMARY
FY 1996**

(Dollars in Millions)

DIVISION	PEACETIME INVENTORY	NET CUSTOMER ORDERS	NET SALES	COST TARGETS				COMMITMENT TARGET	TARGET TOTAL					
				OPERATING	MOB	OTHER	TOTAL							
Supply Management Business Area														
ICP Retail Summary														
Fuels	44.698	2,395.912	2,395.912	2,386.812	0.000	0.000	2,386.812	0.000	2,386.812					
GSD	1,313.579	2,242.109	2,228.538	2,241.713	0.000	0.000	2,241.713	300.000	2,541.713					
Med/Dent	77.151	572.236	566.700	566.700	11.800	0.000	578.500	16.400	594.900					
Academy	5.215	4.779	4.779	4.779	0.000	0.000	4.779	0.100	4.879					
Troop Issue	24.422	118.000	118.000	118.000	0.000	0.000	118.000	0.000	118.000					
Subtotal	1,465.065	5,333.036	5,313.929	5,318.004	11.800	0.000	5,329.804	316.500	5,646.304					
ICP Wholesale Summary														
RSD	36,889.292	3,186.516	3,248.050	2,712.766	0.000	849.267	3,562.033	0.000	3,562.033					
SSD	3,023.398	533.980	608.460	424.400	0.000	0.000	424.400	9.796	434.196					
COD	0.000	0.000	0.000	657.519	0.000	8.438	665.957	0.000	665.957					
Subtotal	39,912.690	3,720.496	3,856.510	3,794.685	0.000	857.705	4,652.390	9.796	4,662.186					
Component Total	41,377.755	9,053.532	9,170.439	9,112.689	11.800	857.705	9,982.194	326.296	10,308.490					

**DEFENSE BUSINESS OPERATIONS FUND
FY 1996/1997 BUDGET ESTIMATE**

**SUPPLY MANAGEMENT - AIR FORCE
MATERIAL COST SUMMARY
FY 1997
(Dollars in Millions)**

DIVISION	PEACETIME INVENTORY	NET CUSTOMER ORDERS	NET SALES	COST TARGETS				TOTAL	COMMITMENT TARGET	TARGET TOTAL						
				OPERATING	MOB	OTHER										
Supply Management Business Area																
ICP Retail Summary																
Fuels	39.598	2,425.528	2,425.528	2,429.800	0.000	0.000		2,429.800	0.000	2,429.800						
GSD	1,273.985	2,289.010	2,284.432	2,293.790	0.000	0.000		2,293.790	300.000	2,593.790						
Med/Dent	76.806	609.602	603.900	603.900	10.800	0.000		614.700	16.400	631.100						
Academy	5.350	4.830	4.830	4.830	0.000	0.000		4.830	0.100	4.930						
Troop Issue	27.962	118.000	118.000	118.000	0.000	0.000		118.000	0.000	118.000						
Subtotal	1,423.701	5,446.970	5,436.690	5,450.320	10.800	0.000		5,461.120	316.500	5,777.620						
ICP Wholesale Summary																
RSD	37,515.289	3,348.670	3,381.890	2,610.134	0.000	519.166		3,129.300	0.000	3,129.300						
SSD	3,154.000	641.934	632.660	448.800	0.000	0.000		448.800	9.815	458.615						
COD	0.000	0.000	0.000	632.131	0.000	3.571		635.702	0.000	635.702						
Subtotal	40,669.289	3,990.604	4,014.550	3,691.065	0.000	522.737		4,213.802	9.815	4,223.617						
Component Total	42,092.990	9,437.574	9,451.240	9,141.385	10.800	522.737		9,674.922	326.315	10,001.237						

**DEFENSE BUSINESS OPERATIONS FUND
FY 1996/1997 BUDGET ESTIMATE**

**SUPPLY MANAGEMENT - AIR FORCE
OPERATING REQUIREMENT BY WEAPON SYSTEM
REPARABLE SUPPORT DIVISION
(Dollars in Millions)**

SM-38 FY 1994	Computed Rqmt	Initial Spares	Repair	Additives	Total
A-7	0.004	0.000	0.529	0.000	0.533
A-10	2.477	0.553	47.428	0.000	50.458
B-1B	20.189	0.441	89.102	0.000	109.732
B-2	3.473	158.959	0.674	0.000	163.106
B-52	31.844	2.928	63.382	0.000	98.154
C-5	20.806	0.162	102.399	0.000	123.367
C-17	0.001	32.000	0.000	0.000	32.001
C-130	34.176	37.276	88.673	0.000	160.125
C-135	19.763	2.516	53.498	0.000	75.777
C-141	4.735	3.255	45.725	0.000	53.715
E-3	8.141	17.543	24.765	0.000	50.450
E-4	0.772	0.000	0.000	0.000	0.772
E-8	0.025	27.651	0.000	0.000	27.676
F-4	0.913	0.000	19.084	0.000	19.997
F-15	72.470	28.376	136.076	0.000	236.923
F-16	47.792	9.301	158.587	0.000	215.680
F-111	20.338	0.090	56.084	0.000	76.512
F-117	0.000	0.000	2.863	0.000	2.863
H-1	0.539	0.000	2.040	0.000	2.579
H-3	0.793	0.000	0.165	0.000	0.958
H-53	3.128	0.000	2.441	0.000	5.569
H-60	2.092	4.035	1.136	0.000	7.263
TRAINERS	1.432	0.000	19.756	0.000	21.188
F100	131.578	0.000	192.435	0.000	324.013
F110	33.239	0.000	20.349	0.000	53.588
SOF	2.818	26.001	19.679	0.000	48.498
COMMON	78.575	0.000	298.309	0.000	376.884
OTHRACFT	6.272	1.816	3.248	0.000	11.336
2LvlMnt	0.000	0.000	0.000	0.000	0.000
MISSILES	6.695	0.512	86.900	0.000	94.107
OTHER	32.234	80.718	85.848	0.000	198.801
DGoals	0.000	0.000	0.000	0.000	0.000
Total	587.317	434.134	1,621.175	0.000	2,642.626

**DEFENSE BUSINESS OPERATIONS FUND
FY 1996/1997 BUDGET ESTIMATE**

**SUPPLY MANAGEMENT - AIR FORCE
OPERATING REQUIREMENT BY WEAPON SYSTEM
REPARABLE SUPPORT DIVISION
(Dollars in Millions)**

SM-3B FY 1995	Computed Rqmt	Initial Spares	Repair	Additives	Total
A-7	0.013	0.000	0.048	0.000	0.061
A-10	6.532	5.273	50.026	0.000	61.831
B-1B	18.172	17.718	74.145	0.000	110.035
B-2	23.934	49.400	1.079	0.000	74.413
B-52	27.700	0.986	33.718	0.000	62.404
C-5	81.103	0.161	172.208	0.000	253.472
C-17	3.695	114.988	0.462	0.000	119.145
C-130	48.370	28.184	111.030	0.000	187.584
C-135	21.500	0.933	50.641	0.000	73.074
C-141	4.845	2.872	54.141	0.000	61.858
E-3	9.133	22.145	23.178	0.000	54.456
E-4	0.000	0.000	0.000	0.000	0.000
E-8	0.002	65.400	0.000	0.000	65.402
F-4	2.616	0.000	11.771	0.000	14.387
F-15	62.967	8.478	103.905	0.000	175.350
F-16	64.048	23.999	175.786	0.000	263.833
F-111	14.456	0.047	69.755	0.000	84.258
F-117	0.000	0.000	3.439	0.000	3.439
H-1	1.781	0.000	0.497	0.000	2.278
H-3	0.316	0.000	0.082	0.000	0.398
H-53	19.102	0.000	3.212	0.000	22.314
H-60	3.666	0.182	0.000	0.000	3.848
TRAINERS	2.304	0.000	11.735	0.000	14.039
F100	169.864	0.000	449.052	0.000	618.916
F110	84.027	0.000	11.998	0.000	96.025
SOF	16.730	56.517	12.803	0.000	86.050
COMMON	101.196	0.000	275.796	0.000	376.992
OTHRACFT	10.209	9.816	5.428	0.000	25.453
2LvlMnt	0.000	0.000	0.000	0.000	0.000
MISSILES	1.844	8.186	82.283	0.000	92.313
OTHER	49.435	60.001	127.683	0.000	237.119
DGoals	0.000	0.000	0.000	0.000	0.000
Total	849.558	475.286	1,915.901	0.000	3,240.745

**DEFENSE BUSINESS OPERATIONS FUND
FY 1996/1997 BUDGET ESTIMATE**

**SUPPLY MANAGEMENT - AIR FORCE
OPERATING REQUIREMENT BY WEAPON SYSTEM
REPARABLE SUPPORT DIVISION
(Dollars in Millions)**

SM-3B FY 1996	Computed Rqmt	Initial Spares	Repair	Additives	Total
A-7	0.100	0.000	0.041	0.000	0.141
A-10	5.772	0.000	47.909	0.000	53.681
B-1B	22.758	179.933	79.339	0.000	282.030
B-2	87.830	178.000	2.052	0.000	267.882
B-52	9.659	0.100	32.259	0.000	42.018
C-5	78.074	0.915	158.735	0.000	237.724
C-17	14.840	183.057	0.496	0.000	198.393
C-130	48.572	58.611	90.802	0.000	197.985
C-135	52.674	15.824	56.146	0.000	124.644
C-141	4.230	4.187	47.741	0.000	56.158
E-3	6.395	26.290	22.065	0.000	54.750
E-4	0.000	0.000	0.000	0.000	0.000
E-8	0.005	66.610	0.000	0.000	66.615
F-4	1.100	0.000	13.149	0.000	14.249
F-15	42.639	16.216	101.864	0.000	160.719
F-16	67.961	9.806	170.561	0.000	248.328
F-111	9.163	4.596	63.484	0.000	77.243
F-117	0.000	0.000	3.122	0.000	3.122
H-1	0.673	0.000	0.968	0.000	1.641
H-3	0.092	0.000	0.133	0.000	0.225
H-53	7.043	0.000	3.140	0.000	10.183
H-60	2.512	14.666	0.000	0.000	17.178
TRAINERS	3.110	0.000	11.547	0.000	14.657
F100	202.928	0.000	422.219	0.000	625.147
F110	66.042	0.000	11.181	0.000	77.223
SOF	5.735	33.045	23.421	0.000	62.201
COMMON	72.783	0.000	313.349	0.000	386.132
OTHRACFT	5.722	15.950	5.311	0.000	26.983
2LvlMnt	0.000	0.000	0.000	0.000	0.000
MISSILES	1.728	9.258	33.914	0.000	44.900
OTHER	40.453	32.203	137.227	0.000	209.883
DGoals	0.000	0.000	0.000	0.000	0.000
Total	860.591	849.267	1,852.175	0.000	3,562.033

**DEFENSE BUSINESS OPERATIONS FUND
FY 1996/1997 BUDGET ESTIMATE**

**SUPPLY MANAGEMENT - AIR FORCE
OPERATING REQUIREMENT BY WEAPON SYSTEM
REPARABLE SUPPORT DIVISION
(Dollars in Millions)**

SM-38 FY 1997	Computed Rqmt	Initial Spares	Repair	Additives	Total
A-7	0.130	0.000	0.032	0.000	0.162
A-10	5.936	0.000	44.899	0.000	50.835
B-1B	25.386	4.569	77.574	0.000	107.529
B-2	110.043	159.844	2.900	0.000	272.787
B-52	5.555	0.000	30.699	0.000	36.254
C-5	82.194	0.494	139.311	0.000	221.999
C-17	18.684	19.819	0.566	0.000	39.069
C-130	51.680	85.202	84.757	0.000	221.639
C-135	64.128	8.722	57.439	0.000	130.289
C-141	4.335	2.012	40.448	0.000	46.795
E-3	6.082	36.685	21.666	0.000	64.433
E-4	0.000	0.000	0.000	0.000	0.000
E-8	0.006	70.770	0.000	0.000	70.776
F-4	0.772	0.000	5.233	0.000	6.005
F-15	40.012	44.120	97.787	0.000	181.919
F-16	73.257	7.421	155.354	0.000	236.032
F-111	6.551	7.700	57.285	0.000	71.536
F-117	0.000	0.000	2.902	0.000	2.902
H-1	0.426	0.000	0.827	0.000	1.253
H-3	0.039	0.000	0.158	0.000	0.197
H-53	4.338	0.000	3.095	0.000	7.433
H-60	2.369	5.515	0.000	0.000	7.884
TRAINERS	3.517	0.000	9.434	0.000	12.951
F100	224.328	0.000	365.128	0.000	589.456
F110	65.499	0.000	10.864	0.000	76.363
SOF	3.225	7.849	20.491	0.000	31.565
COMMON	69.940	0.000	296.355	0.000	366.295
OTHRACFT	4.910	7.030	4.311	0.000	16.251
2LvlMnt	0.000	0.000	0.000	0.000	0.000
MISSILES	1.806	20.118	31.587	0.000	53.511
OTHER	40.652	31.296	133.234	0.000	205.182
DGoals	0.000	0.000	0.000	0.000	0.000
Total	915.799	519.166	1,694.335	0.000	3,129.300

DEFENSE BUSINESS OPERATIONS FUND
FY 1996/1997 BUDGET ESTIMATE

SUPPLY MANAGEMENT - AIR FORCE
OPERATING REQUIREMENT BY WEAPON SYSTEM
SYSTEM SUPPORT DIVISION
(Dollars in Millions)

SM-3B	FY 1994	FY 1995	FY 1996	FY 1997
A-7	0.294	0.124	0.328	0.259
A-10	4.301	7.916	4.574	4.188
B-1	20.047	10.130	7.945	8.639
B-2	15.295	5.385	4.739	11.920
B-52	15.484	4.065	1.759	2.393
C-5	40.862	33.467	31.237	33.908
C-17	0.823	2.107	1.546	0.000
C-130	71.375	67.584	68.182	70.953
C-135	30.178	17.619	17.018	22.414
C-141	31.632	21.866	21.841	26.076
E-3	5.873	5.547	2.559	2.710
E-4	0.000	0.000	0.000	0.000
E-8	0.067	3.696	3.136	3.178
F-4	10.500	9.059	8.166	7.722
F-5	0.000	0.000	0.000	0.000
F-15	55.550	76.917	77.364	77.430
F-16	38.920	32.621	31.523	31.192
F-111	10.299	13.205	11.106	11.461
F-117	0.000	2.249	1.549	0.867
H-1	1.216	0.730	0.415	0.429
H-3	1.044	2.311	1.713	1.421
H-53	0.498	4.273	4.492	4.068
H-60	0.007	0.062	0.039	0.023
TRAINERS	18.083	30.724	29.985	31.158
SOF	9.899	2.411	1.823	2.183
COMMON	28.201	50.244	52.435	52.367
CHAFF	0.000	0.000	0.000	0.000
C&E	0.000	0.000	0.000	0.000
OTHACFT	18.815	2.840	2.393	1.978
MISSILES	7.146	8.087	8.375	7.363
OTHER	74.759	20.861	18.090	22.100
CIT	0.000	85.000	10.068	10.400
Total	511.168	521.100	424.400	448.800

**DEFENSE BUSINESS OPERATIONS FUND
FY 1996/1997 BUDGET ESTIMATE**

**SUPPLY MANAGEMENT - AIR FORCE
CUSTOMER PRICE CHANGE
(Dollars in Millions)**

Supply Management Total	FY 1995	FY 1996	FY 1997
1. Net Sales @ LAP/LRP	2536.46	2560.87	2602.30
2. Less: Inflation (Change in Repair Cost)	243.51	37.42	68.02
3. Revised Net Sales at LAP/LRP(Expressed in PFY's \$)	2292.95	2523.45	2534.27
4. Surcharge (\$)	2004.20	1209.59	1326.45
5. Change to Customers			
5a. PFY Surcharge (%) (Composite Wholesale)	104.83%	79.02%	47.23%
5b. Surcharge(line2+4) divided by Sales(line 3)(\$)	98.03%	49.42%	55.02%
5c. Percent change to customer	-3.32%	-16.53%	5.29%

**DEFENSE BUSINESS OPERATIONS FUND
AIR FORCE FY 1996/1997 BUDGET ESTIMATE**

DEPOT MAINTENANCE

FUNCTIONAL DESCRIPTION

Background - Industrial funding of Air Force depot maintenance services began in July 1968 as the financial framework for managing maintenance operations on a businesslike basis. In October 1991, the Air Force Depot Maintenance Industrial Fund was incorporated within the Depot Maintenance Business Area of the new DoD Defense Business Operations Fund (DBOF).

Customers - Depot maintenance services are provided primarily to Air Force organizations, including the Air National Guard, Air Combat Command, Air Mobility Command, US Strategic Command, US Air Forces in Europe, and Pacific Air Forces. Other services, government agencies, and foreign governments are also supported.

Organic/Contractor Workload Mix

The depot maintenance environment is rapidly changing in response to a decreasing force structure and technology changes. Weapon systems embodying new material and technologies require new maintenance processes while improvements in reliability are reducing the frequency of maintenance for many items. The net result is a requirement for great flexibility in addressing both wartime and peacetime workload changes. The Air Force achieves this flexibility by employing the unique strengths of organic and contractor repair sources for the optimum combination of overall capabilities.

The Organic Depot - Air Force depot maintenance facilities are limited by Air Force and DoD directives to mission essential workloads. For this work, the Air Force must maintain the assured capability to support wartime combat operations and sustain peacetime operational readiness. Air Force organic depot maintenance is accomplished at the following Air Force Materiel Command (AFMC) facilities:

<u>Center</u>	<u>Location</u>
Oklahoma City Air Logistics Center (ALC)	Tinker AFB, OKC, OK
Ogden ALC	Hill AFB, Ogden, UT
San Antonio ALC	Kelly AFB, San Antonio, TX
Sacramento ALC	McClellan AFB, Sacramento, CA
Warner Robins ALC	Robins AFB, Warner Robins, GA
Aerospace Guidance and Metrology Center	Newark AFB, Newark, OH
Aerospace Maintenance & Regeneration Center	Davis-Monthan AFB, Tucson, AZ

**DEFENSE BUSINESS OPERATIONS FUND
AIR FORCE FY 1996/1997 BUDGET ESTIMATE**

DEPOT MAINTENANCE NARRATIVE CONTINUED

Contract Depot Maintenance - Contract maintenance includes depot level maintenance performed on contract by commercial repair sources worldwide and through interservice agreements with other DoD components, primarily Army and Navy. Contract repair sources are often on the leading edge of developments in technology or have specialized facilities and capabilities not available at organic depots. The Depot Maintenance Business Area manages contractor-performed maintenance by providing policy direction and financial and program execution management. The Air Logistics Centers which manage the weapon systems receive funded repair requirements, assure that items which require repair are placed on contract, maintain financial responsibility over the life of the contract, and exercise overall program surveillance. Maintenance is performed by commercial repair sources worldwide and through interservice agreements with other DoD components.

Contracting Methodology - Contractors augment organic capabilities on both a permanent and temporary basis. Permanent contract maintenance applies to workloads that supplement organic resources and those involving unique processes or capabilities which could not be established organically at reasonable cost. Temporary contract maintenance, including contract field teams, is used when organic maintenance is not practical or economical.

Interservice Support - Support agreements are used for repair of items common to two or more services. Interservice support is also used when common repair technologies apply to dissimilar items or systems. In effect, the agreements are contracts between the services involved.

FINANCIAL HIGHLIGHTS

(\$M)	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1997</u>
Cost of Goods Sold	\$4219.8	\$4609.4	\$4584.7	\$4631.2
Net Operating Results	-\$188.0	-\$36.0	\$12.0	\$0.0
Accumulated Operating Results	\$24.4	-\$12.0	\$0.0	\$0.0
Customer Rate Change Percentage				
Organic	9.6%	20.5%	1.2%	2.0%
Contract	-6.1%	9.7%	-6.4%	3.2%
Unit Cost (Per Dir Labor Hr)	\$102.03	\$104.30	\$104.68	\$110.34
Revenue Rate Charged Customer	\$92.60	\$111.53	\$112.89	\$115.11
Direct Product Std Hours (Organic)	30,252	32,342	31,543	29,941

**DEFENSE BUSINESS OPERATIONS FUND
AIR FORCE FY 1996/1997 BUDGET ESTIMATE**

DEPOT MAINTENANCE NARRATIVE CONTINUED

Manpower Resources	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1997</u>
Civilian End Strength	30,028	29,342	27,465	27,255
Civilian Workyears	30,368	29,602	28,404	27,360
Military End Strength	330	419	411	411
Military Workyears	515	535	538	532
Capital Budget (\$M)	\$84.6	\$42.9	\$53.4	\$31.6
Performance Indicators	<u>Goal</u> <u>Actual</u>	<u>Goal</u>	<u>Goal</u>	<u>Goal</u>
NOR	-282.6 -188.5	-36.1	12.0	0
HQ Cost (\$M)	\$6.1	\$7.1	\$5.4	\$5.4

Manning - A key objective of Air Force depot maintenance is to have the correct number of appropriately skilled people in the right places to support established peacetime and wartime requirements. With ongoing downsizing, this continues as a major challenge to the depot maintenance community. Due to programmed force structure and activity level reductions and productivity improvements, the workforce to meet these requirements has been substantially reduced from the FY 1990 level of over 37,000.

Capital Purchases Program (CPP) - The CPP provides organic activities a businesslike, depreciation-based financing source for replacing obsolete and unserviceable equipment, modernizing repair processes, eliminating environmental hazards, decreasing repair costs through productivity improvements, and increasing combat effectiveness by producing more capable and reliable products. FY 1994-1997 capital budget requirements depicted herein reflect a continuing trend of constrained requests due to downsizing and potential closures, increased emphasis on documentation of economic benefits, and tight controls on short term increases in equipment maintenance and related costs.

Changes from Previous Submissions - Significant program and DBOF budget process changes compared to previous budgets are:

Civilian Workyear Targets. FY 1995 to FY 1997 civilian workyears reflected in this submission are in accordance with Service workyear levels established by the Department of Defense. Workyear totals reflected herein do not include overtime.

**DEFENSE BUSINESS OPERATIONS FUND
AIR FORCE FY 1996/1997 BUDGET ESTIMATE**

DEPOT MAINTENANCE NARRATIVE CONTINUED

Base Operating Support. FY 1996 and FY 1997 expenses reflect a financing increase of approximately \$85 million over prior years to fully implement the requirements of DoDI 4000.19 for DBOF activities to reimburse base operating support costs.

Two Level Maintenance (2LM). The Air Force is continuing the conversion of its existing three levels of maintenance (organization, intermediate, and depot) to two (organization and depot) for selected avionics and engine end items. The initiative capitalizes on improvements in weapon system reliability, transportation flow time, and parts tracking capabilities to achieve two principal benefits. First, performing intermediate level maintenance centrally permits a net reduction of over 4400 military positions. Second, 2LM substantially reduces the mobility footprint of personnel and equipment required to support deployed operations.

JLSC and DFAS Costs. For FY 1994, the \$37 million DMBA share of Joint Logistics Support Center financing requirements is recorded under "Other Changes Affecting NOR/AOR" as a capital surcharge (i.e., not included in expenses but impacting the net operating result). Otherwise, the cost of Defense Finance and Accounting Service support and JLSC financing requirements are reflected in Fund 1A exhibits as annual expenses.

	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1997</u>
JLSC Surcharge (\$M)	\$37.0	\$51.6	\$57.8	\$55.3

Divestiture of Capital Assets Due to Downsizing. We anticipate write-offs of undepreciated value of capital assets associated with depot maintenance downsizing and the closure of the Aerospace Guidance and Metrology Center. In accordance with the DoD Comptroller's FY 1996-1997 Defense Budget Review guidance, the write-off amounts are not included in projected Accumulated Operating Results or rate computations. Such write-offs will be included in AOR for accounting purposes, resulting in different AORs for accounting and rate computation purposes.

DEFENSE BUSINESS OPERATIONS FUND - AIR FORCE
FY 1996/1997 BUDGET ESTIMATE

DEPOT MAINTENANCE - AIR FORCE
REVENUE AND EXPENSES
(Dollars in Millions)

	<u>FY 94</u>	<u>FY 95</u>	<u>FY 96</u>	<u>FY 97</u>
Revenue:				
Gross Sales:	4056.1	4573.3	4596.7	4631.2
Operations	3965.5	4473.0	4494.1	4529.8
Capital Surcharge	0.0	0.0	0.0	0.0
Depreciation except Maj Const	78.7	100.3	102.6	101.4
Major Construction Depreciation	11.9	0.0	0.0	0.0
Total Gross Sales	4056.1	4573.3	4596.7	4631.2
Other Income	0.0	0.0	0.0	0.0
Total Income	4056.1	4573.3	4596.7	4631.2
Expenses:				
Cost of Materiel Sold from Inventory	0.0	0.0	0.0	0.0
Negotiated Purchases from Customers	0.0	0.0	0.0	0.0
Transportation	0.0	0.2	1.1	0.7
Salaries and Wages:				
Military Personnel	20.4	17.9	17.7	17.7
Civilian Personnel	1360.9	1364.1	1332.6	1280.1
Materials, Supplies and				
Parts used in Operations	1499.9	1749.6	1560.8	1698.1
Facility Repair Charge	36.9	38.0	36.5	36.9
Depreciation - Capital	90.6	100.3	102.6	101.4
Contracted Engineering Services	0.9	2.0	2.0	1.2
Lease Costs	2.0	3.0	2.9	2.9
Purchased Utilities	47.7	51.2	52.2	49.9
Purchased Communications	2.2	2.7	2.6	2.6
Equipment Maintenance	46.6	64.5	66.6	64.9
Fuel	12.6	17.4	17.8	18.4
Other Expenses*	1098.9	1198.2	1389.4	1356.4
Total Expenses*	4219.5	4609.3	4584.6	4631.2
Other Changes affecting NOR/AOR	-25.0	0.0	0.0	0.0
Operating Result	-188.4	-36.1	11.7	0.0
Prior Year AOR	212.8	24.4	-11.7	0.0
Accumulated Operating Result	24.4	-11.7	0.0	0.0

*Change in Work In Process included in Other and Total Expenses
As a result, Summary total expenses will not agree with detailed exhibits.

**DEFENSE BUSINESS OPERATIONS FUND - AIR FORCE
FY 1996/1997 BUDGET ESTIMATE**

**DEPOT MAINTENANCE - AIR FORCE
SOURCE OF REVENUE
(Dollars in Millions)**

	<u>FY 94</u>	<u>FY 95</u>	<u>FY 96</u>	<u>FY 97</u>
1. New Orders				
a. Orders from DoD Components:	2029.7	2218.2	2118.0	2303.1
Army	0.0	0.0	0.0	0.0
Navy	0.0	0.0	0.0	0.0
Air Force	2029.7	2218.2	2118.0	2303.1
Marine Corps	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0
b. Orders from other DBOF Business Areas	1790.7	2279.1	2340.4	2255.7
c. Total DoD	3820.4	4497.3	4458.4	4558.8
d. Other Orders:	77.0	92.6	97.4	96.2
Other Federal Agencies	8.0	8.4	9.7	8.9
Trust Fund	0.0	0.0	0.0	0.0
Non Federal Agencies	69.0	84.2	87.7	87.3
2. Total Gross Orders	3897.4	4589.9	4555.8	4655.0
3. Carry-In Orders	2300.9	2142.1	2158.8	2117.9
4. Carry-Out Orders	2142.2	2158.8	2117.9	2141.7
5. Change in Backlog	-158.7	16.7	-40.9	23.8
6. Total Gross Sales	4056.1	4573.2	4596.7	4631.2

DEFENSE BUSINESS OPERATIONS FUND - AIR FORCE
FY 1996/1997 BUDGET ESTIMATE

DEPOT MAINTENANCE
SUMMARY OF PRICE, PROGRAM AND OTHER CHANGES
(Dollars in Millions)

	Cost Of Opns FY 1994	Cost Of Opns FY 1995	Price Growth	Program & Other Changes	Cost Of Opns FY 1996
Military Personnel Compensation	20.388	17.940	0.360	(0.589)	17.711
Civilian Personnel Compensation	1,360.887	1,364.138	31.342	(62.887)	1,332.593
Inventory Procurement Expenses	0.000	0.000	0.000	0.000	0.000
Travel	18.825	21.218	0.512	(3.164)	18.566
Materiel, Equipment & Supplies (Non-FUND)	0.000	0.000	0.000	0.000	0.000
Materiel, Eqmt & Supplies (From FUND)	1,512.569	1,767.072	(197.908)	9.383	1,578.547
Purchases From Other Fund Businesses	160.132	122.321	3.670	(1.514)	124.477
Transportation (From FUND)	0.000	0.000	0.000	0.000	0.000
Transportation (From Non-FUND)	(0.058)	0.187	0.006	0.895	1.088
Depreciation/Amortization	90.580	100.327	0.000	2.229	102.556
Other Purchases	960.185	1,225.327	36.760	160.717	1,422.804
Total Operating Budget (Includes Reimbursements)	4,123.508	4,618.530	(125.259)	105.071	4,598.342

*Change in Work In Process is not included in Other and Total Expenses
As a result, Detailed exhibits will not agree with Summary exhibits.

DEFENSE BUSINESS OPERATIONS FUND - AIR FORCE
FY 1996/1997 BUDGET ESTIMATE

DEPOT MAINTENANCE
SUMMARY OF PRICE, PROGRAM AND OTHER CHANGES
(Dollars in Millions)

	Cost Of Opns FY 1996	Price Growth	Program & Other Changes	Cost Of Opns FY 1997
Military Personnel Compensation	17.711	0.423	(0.445)	17.689
Civilian Personnel Compensation	1,332.593	35.200	(87.696)	1,280.097
Inventory Procurement Expenses	0.000	0.000	0.000	0.000
Travel	18.566	0.438	(0.573)	18.431
Materiel, Equipment & Supplies (Non-FUND)	0.000	0.000	0.000	0.000
Materiel, Eqmt & Supplies (From FUND)	1,578.547	81.317	56.603	1,716.467
Purchases From Other Fund Businesses	124.477	3.734	(8.814)	119.397
Transportation (From FUND)	0.000	0.000	0.000	0.000
Transportation (From Non-FUND)	1.088	0.033	(0.373)	0.748
Depreciation/Amortization	102.556	0.000	(1.161)	101.395
Other Purchases	1,422.804	42.684	(70.709)	1,394.779
 Total Operating Budget (Includes Reimbursements)	 4,598.342	 163.829	 (113.168)	 4,649.003

*Change in Work In Process is not included in Other and Total Expenses
As a result, Detailed exhibits will not agree with Summary exhibits.

DEFENSE BUSINESS OPERATIONS FUND - AIR FORCE
FY 1996/1997 BUDGET ESTIMATE

DEPOT MAINTENANCE
CHANGES IN COST OF OPERATION
(Dollars in Millions)

	EXPENSES
FY 1995	4,618.530
Pricing Adjustments	
Annualization of Military Pay	0.071
Annualization of Civilian Pay	13.908
Civilian Pay Raises	17.434
Military Pay Raises	0.289
Material Price Growth	(199.065)
Fuel Price Growth	1.158
Interservice Purchases	3.670
Contract Depot Workload	25.919
Other Purchases	11.359
TOTAL	(125.257)
Productivity and Other Initiatives	
Civilian Labor Savings	(62.761)
Material/Supply Savings	(64.079)
CETS	(0.391)
Reduced Travel Costs	(2.111)
Reduced Equipment Repair Costs	(1.413)
Military Labor Savings	(0.007)
Other Savings	(20.503)
TOTAL	(151.265)
Program Changes	
Material Workload Changes	73.477
Interservice Changes	(1.391)
Increases BOS for 4000.19	85.897
Contract Depot Workload	66.762
TOTAL	224.745
Other Changes	
Equipment/Repair Maintenance	1.069
Increased JLSC Costs	16.204
Training	(0.404)
Milcon Depreciation	0.000
Minor Construction Depreciation	(0.790)
Equipment Depreciation	3.057
Other Changes	12.453
TOTAL	31.589
FY 1996	4,598.342

*Change in Work In Process is not included in Other and Total Expenses
As a result, Detailed exhibits will not agree with Summary exhibits.

**DEFENSE BUSINESS OPERATIONS FUND - AIR FORCE
FY 1996/1997 BUDGET ESTIMATE**

**DEPOT MAINTENANCE
CHANGES IN COST OF OPERATION
(Dollars in Millions)**

	EXPENSES
FY 1996	4,598.342
Pricing Adjustments	
Annualization of Civilian Pay	10.720
Annualization of Military Pay	0.099
Civilian Pay Raise	24.480
Military Pay Raise	0.324
Material Price Changes	80.217
Fuel Price Growth	1.101
Interservice Purchases	3.734
Contract Depot Workload	28.699
Other Purchases	14.455
TOTAL	163.829
Productivity and Other Initiatives	
Civilian Labor Savings	(51.292)
Material/Supply Reductions	(11.394)
Reduced Travel Costs	(0.573)
Reduced Equipment/Repair Costs	(0.055)
Reduced Facility Maint Projects	(0.302)
Other Savings	(1.724)
Contract Competition Savings	(0.087)
AGMC	(33.000)
TOTAL	(98.427)
Program Changes	
Material Workload Changes	57.062
Interservice Changes	(8.814)
Contract Depot Workload	(43.525)
AGMC	24.000
TOTAL	28.723
Other Changes	
Equip/Repair Maintenance	(3.690)
Increased JLSC Costs	10.229
Training	(0.004)
BOS 4000.19 Increased Costs	(1.352)
Minor Construction Depreciation	0.315
Equipment Depreciation	(1.452)
Other Changes	(47.510)
TOTAL	(43.464)
FY 1997	4,649.003

*Change in Work In Process is not included in Other and Total Expenses
As a result, Detailed exhibits will not agree with Summary exhibits.

**DEFENSE BUSINESS OPERATIONS FUND
AIR FORCE FY 1996/1997 BUDGET ESTIMATE**

TRANSPORTATION

FUNCTIONAL DESCRIPTION

On February 14, 1992, the Secretary of Defense issued a memorandum that assigned to CINCTrans the mission of providing air, land, and sea transportation for DoD, both in time of peace and in time of war. In the same memorandum, the Services were given the ability to withhold from assignment to CINCTrans any service unique or theater-assigned transportation assets. Also, the authority to organize, train and equip forces for assignment to CINCTrans and the associated programming and budgeting functions remained with the Services.

On February 19, 1992, DoD(C) moved all of the Military Airlift Command, subsequently the Air Mobility Command (AMC) into the Defense Business Operations Fund (DBOF). Common support functions were included in TRANSCOM and service-unique functions were included in DBOF-AMC. In accordance with the DBOF Improvement Plan approved by the Deputy Secretary of Defense in September 1993, Air Mobility Command is removed from DBOF in FY 1995. The following Air Mobility functions were included in DBOF through the end of FY 1994:

- 89th Wing
- Operations Squadron Support
- Operation Support Airlift
- Air Weather Service
- The Schoolhouse
- Tankers
- Combat Camera
- Defense Courier Service
- Real Property Maintenance
- AMC Management Headquarters
- Base Support Operations
- Various Other Components

DEFENSE BUSINESS OPERATIONS FUND
AIR FORCE FY 1996/1997 BUDGET ESTIMATE

TRANSPORTATION NARRATIVE CONTINUED

FINANCIAL HIGHLIGHTS

(\$M)	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1997</u>
Cost of Goods Sold	\$2,785.0			
Net Operating Results	\$116.0			
Accumulated Operating Results	\$2.0			
Manpower Resources				
Civilian End Strength	9,306			
Civilian Workyears	7,293			
Military End Strength	26,524			
Military Workyears	26,522			
Capital Budget (\$M)	\$47.6			

The actual Net Operating Result at the end of FY 1994 is \$116M and will offset the loss for FY 1993 of \$-114M for an overall net impact of \$2M to the DBOF. Due to the fact Air Mobility Command is removed from the DBOF in FY 1995, the budget submission reflects 0 in the FY 95, FY 96 and FY 97 columns.

DEFENSE BUSINESS OPERATIONS FUND - AIR FORCE
FY 1996/1997 BUDGET ESTIMATE

TRANSPORTATION - AIR FORCE
REVENUE AND EXPENSES
(Dollars in Millions)

	<u>FY 94</u>	<u>FY 95</u>	<u>FY 96</u>	<u>FY 97</u>
Revenue:				
Gross Sales:				
Operations	2757.8	0.0	0.0	0.0
Capital Surcharge	0.0	0.0	0.0	0.0
Depreciation except Maj Const	136.7	0.0	0.0	0.0
Major Construction Depreciation	6.5	0.0	0.0	0.0
Total Gross Sales	2901.0	0.0	0.0	0.0
Other Income	0.0	0.0	0.0	0.0
Total Income	2901.0	0.0	0.0	0.0
Expenses:				
Cost of Materiel Sold from Inventory	0.0	0.0	0.0	0.0
Negotiated Purchases from Customers	0.0	0.0	0.0	0.0
Transportation	17.0	0.0	0.0	0.0
Salaries and Wages:		0.0	0.0	0.0
Military Personnel	1049.0	0.0	0.0	0.0
Civilian Personnel	335.0	0.0	0.0	0.0
Materials, Supplies and		0.0	0.0	0.0
Parts used in Operations	217.2	0.0	0.0	0.0
Facility Repair Charge	3.1	0.0	0.0	0.0
Depreciation - Capital	143.2	0.0	0.0	0.0
Contracted Engineering Services	0.0	0.0	0.0	0.0
Lease Costs	3.2	0.0	0.0	0.0
Purchased Utilities	63.8	0.0	0.0	0.0
Purchased Communications	8.8	0.0	0.0	0.0
Equipment Maintenance	16.8	0.0	0.0	0.0
Fuel	185.7	0.0	0.0	0.0
Other Expenses	742.2	0.0	0.0	0.0
Total Expenses	2785.0	0.0	0.0	0.0
Operating Result	116.0	0.0	0.0	0.0
Prior Year AOR	-114.0	0.0	0.0	0.0
Accumulated Operating Result	2.0	0.0	0.0	0.0

DEFENSE BUSINESS OPERATIONS FUND - AIR FORCE
FY 1996/1997 BUDGET ESTIMATE

TRANSPORTATION - AIR FORCE
SOURCE OF REVENUE
(Dollars in Millions)

	<u>FY 94</u>	<u>FY 95</u>	<u>FY 96</u>	<u>FY 97</u>
1. New Orders				
a. Orders from DoD Components:				
Army	1.0	0.0	0.0	0.0
Navy	3.7	0.0	0.0	0.0
Air Force	2617.4	0.0	0.0	0.0
Marine Corps	0.0	0.0	0.0	0.0
Other	195.7	0.0	0.0	0.0
b. Orders from other DBOF Business Areas (DBOF-T)	70.6	0.0	0.0	0.0
c. Total DoD	2888.4	0.0	0.0	0.0
d. Other Orders:				
Other Federal Agencies	3.9	0.0	0.0	0.0
Trust Fund	0.0	0.0	0.0	0.0
Non Federal Agencies	8.7	0.0	0.0	0.0
2. Carry-In Orders	0.0	0.0	0.0	0.0
3. Total Gross Orders	2901.0	0.0	0.0	0.0
4. Change in Backlog	0.0	0.0	0.0	0.0
5. Total Gross Sales	2901.0	0.0	0.0	0.0

DEFENSE BUSINESS OPERATIONS FUND - AIR FORCE
FY 1996/1997 BUDGET ESTIMATE

TRANSPORTATION - AIR FORCE

CAPITAL BUDGET

(Dollars in Millions)

	<u>FY 94</u>	<u>FY 95</u>	<u>FY 96</u>	<u>FY 97</u>
Equipment	2.1	0.0	0.0	0.0
Minor Construction	25.3	0.0	0.0	0.0
ADPE and TELECOM	20.2	0.0	0.0	0.0
Software	0.0	0.0	0.0	0.0
Total	47.6	0.0	0.0	0.0

DEFENSE BUSINESS OPERATIONS FUND
AIR FORCE FY 1996/1997 BUDGET ESTIMATE

BASE SUPPORT

FUNCTIONAL DESCRIPTION

The Air Force Laundry and Dry Cleaning (L&DC) Services activity group transitioned from the Air Force Industrial Fund to the Defense Business Operations Fund on October 1, 1991. In accordance with the DBOF improvement plan approved by the Deputy Secretary of Defense in September 1993, L&DC has been removed from DBOF in FY 1995. Accordingly, this budget estimate contains FY 1994 actual data only and reduces the FY 1995-1997 columns to zero.

The mission of L&DC is to provide economical and quality laundry, dry cleaning and other textile services to government, DoD and other authorized activities and individuals worldwide using government-owned facilities. Primary customers are Air Force, Army, Navy and Marine Operations and Maintenance and hospital activities. Other customers include non-appropriated fund activities, DoD schools, U.S. Embassies and retail customers. The retail customers are primarily military members and their families whose workload is processed on an individual piece-rate (IPR).

Individual piece-rate customer revenue permits total fixed costs to be spread to a larger workload base thereby decreasing prices charged to O&M customers. Individual piece-rate work represents 35% of L&DC total workload.

Air Force Laundry and Dry Cleaning facilities:

<u>Activity</u>	<u>Location</u>
Eglin Air Force Base	Florida
Incirlik Air Base	Turkey
Lajes Air Base	Azores
Kadena Air Base	Japan

**DEFENSE BUSINESS OPERATIONS FUND—
AIR FORCE FY 1996/1997 BUDGET ESTIMATE**

BASE SUPPORT NARRATIVE CONTINUED

FINANCIAL HIGHLIGHTS

<u>(\$M)</u>	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1997</u>
Cost of Goods Sold	\$6.2			
Net Operating Results	-\$0.1			
Accumulated Operating Results	\$1.6			
Manpower Resources				
Civilian End Strength	184			
Civilian Workyears	184			
Capital Budget (\$M)	\$0.9			

The actual Net Operating Result at the end of FY 1994 is (\$0.1M) and the Accumulated Operating result is \$1.6M. Due to the positive Accumulated Operating Result, the Laundry and Dry Cleaning Business Area was removed from the DBOF with no adverse impact.

DEFENSE BUSINESS OPERATIONS FUND - AIR FORCE
FY 1996/1997 BUDGET ESTIMATE

BASE SUPPORT - AIR FORCE
REVENUE AND EXPENSES
(Dollars in Millions)

	<u>FY 94</u>	<u>FY 95</u>	<u>FY 96</u>	<u>FY 97</u>
Revenue:				
Gross Sales:	6.3			
Operations	5.7	0.0	0.0	0.0
Capital Surcharge	0.0	0.0	0.0	0.0
Depreciation except Maj Const	0.6	0.0	0.0	0.0
Major Construction Depreciation	0.0	0.0	0.0	0.0
Total Gross Sales	6.3	0.0	0.0	0.0
Other Income	0.0	0.0	0.0	0.0
Total Income	6.3	0.0	0.0	0.0
Expenses:				
Cost of Materiel Sold from Inventory	0.0	0.0	0.0	0.0
Negotiated Purchases from Customers	0.0	0.0	0.0	0.0
Transportation	0.0	0.0	0.0	0.0
Salaries and Wages:				
Military Personnel	0.0	0.0	0.0	0.0
Civilian Personnel	3.9	0.0	0.0	0.0
Materials, Supplies and	1.0	0.0	0.0	0.0
Parts used in Operations	0.0	0.0	0.0	0.0
Facility Repair Charge	0.0	0.0	0.0	0.0
Depreciation - Capital	0.5	0.0	0.0	0.0
Contracted Engineering Services	0.0	0.0	0.0	0.0
Lease Costs	0.0	0.0	0.0	0.0
Purchased Utilities	0.6	0.0	0.0	0.0
Purchased Communications	0.0	0.0	0.0	0.0
Equipment Maintenance	0.0	0.0	0.0	0.0
Fuel	0.0	0.0	0.0	0.0
Other Expenses	0.2	0.0	0.0	0.0
Total Expenses	6.2	0.0	0.0	0.0
Operating Result	0.1	0.0	0.0	0.0
Misc Gains & Losses	-0.2	0.0	0.0	0.0
Net Operating Result	-0.1	0.0	0.0	0.0
Prior Year AOR	1.7	0.0	0.0	0.0
Accumulated Operating Result	1.6	0.0	0.0	0.0

DEFENSE BUSINESS OPERATIONS FUND - AIR FORCE
FY 1996/1997 BUDGET ESTIMATE

BASE SUPPORT - AIR FORCE
SOURCE OF REVENUE

(Dollars in Millions)

	<u>FY 94</u>	<u>FY 95</u>	<u>FY 96</u>	<u>FY 97</u>
1. New Orders				
a. Orders from DoD Components:				
Army	0.1	0.0	0.0	0.0
Navy	0.7	0.0	0.0	0.0
Air Force	3.0	0.0	0.0	0.0
Marine Corps	1.0	0.0	0.0	0.0
Other	0.5	0.0	0.0	0.0
b. Orders from other DBOF Business Areas	0.0	0.0	0.0	0.0
c. Total DoD	5.2	0.0	0.0	0.0
d. Other Orders:				
Other Federal Agencies	0.0	0.0	0.0	0.0
Trust Fund	0.0	0.0	0.0	0.0
Non Federal Agencies	1.1	0.0	0.0	0.0
2. Carry-In Orders	0.0	0.0	0.0	0.0
3. Total Gross Orders	6.3	0.0	0.0	0.0
4. Change in Backlog	0.0	0.0	0.0	0.0
5. Total Gross Sales	6.3	0.0	0.0	0.0

DEFENSE BUSINESS OPERATIONS FUND - AIR FORCE
FY 1996/1997 BUDGET ESTIMATE

BASE SUPPORT - AIR FORCE
CAPITAL BUDGET
(Dollars in Millions)

	<u>FY 94</u>	<u>FY 95</u>	<u>FY 96</u>	<u>FY 97</u>
Equipment	0.3	0.0	0.0	0.0
Minor Construction	0.5	0.0	0.0	0.0
ADPE and TELECOM	0.2	0.0	0.0	0.0
Software	0.0	0.0	0.0	0.0
Total	0.9	0.0	0.0	0.0

**DEFENSE BUSINESS OPERATIONS FUND
AIR FORCE FY 1996/1997 BUDGET ESTIMATE**

INFORMATION SERVICES

On December 5, 1994, the Under Secretary of Defense, Comptroller approved a Program Budget Decision that moved Central Design Activities (CDAs) into the Information Services Business Area of the Defense Business Operations Fund beginning FY 1996. Three Air Force CDAs were affected: Materiel Systems Center (MSC) located at Wright Patterson AFB, OH, Standard Systems Center (SSC) located at Gunter AFB, AL and Communications Systems Center (CSC) located at Tinker AFB, OK.

Functional Description

Communications Systems Center (CSC)

Communications Systems Center (CSC) directs life cycle management of supported communications systems, including program and project management; acquisition of hardware, software, and services; and software development, maintenance, enhancement and testing. Primary missions are Air Force standard record communications, weather communications, air traffic control, systems control, and command and control software and systems with an installed value of over \$2.5 billion. CSC provides communication-computer system management, software, and technical support to Air Force, Joint Service, Federal, and international agencies.

Materiel Systems Center (MSC)

The Materiel Systems Center (MSC) manages the development and sustainment of over 230 Air Force Materiel Command wholesale logistics information systems. This responsibility ranges from requirements to acquisition to sustainment. The MSC's workforce is certified to provide a broad range of services from requirements analysis, requirements definition, planning, programming and budgeting assistance to program management for the development, implementation, fielding maintenance, and re-engineering of information systems. MSC's state-of-the-art capability supports a broad base of Air Force-wide and other DoD multi-service customers. Several MSC-managed systems have been selected for deployment in support of the Corporate Information Management (CIM) logistics standard systems migration effort.

Standard Systems Center (SSC)

Standard Systems Center (SSC) provides specified standard communications-computer systems as directed by Air Force through AFMC. SSC designs, develops, procures, integrates, produces, and manages the life cycle of, worldwide computer systems. SSC is fully responsible for the development and operational sustainment of some 130 Air Force standard AIS. These

DEFENSE BUSINESS OPERATIONS FUND
AIR FORCE FY 1996/1997 BUDGET ESTIMATE

INFORMATION SERVICES NARRATIVE CONTINUED

systems include both applications and systems software running on mainframes, minicomputer and/or microcomputer platforms. SSC provides a broad range of CDA services such as requirements definition, systems design, development, testing, integration, implementation support and documentation services. SSC primary directs software production and support activities that fall within our Logistics Support Systems, Base Support Systems and Operations Support Systems deputates. Several AIS support not only the Air Force, but other DoD, non-DoD federal agencies, and Foreign Military Sales (FMS) countries.

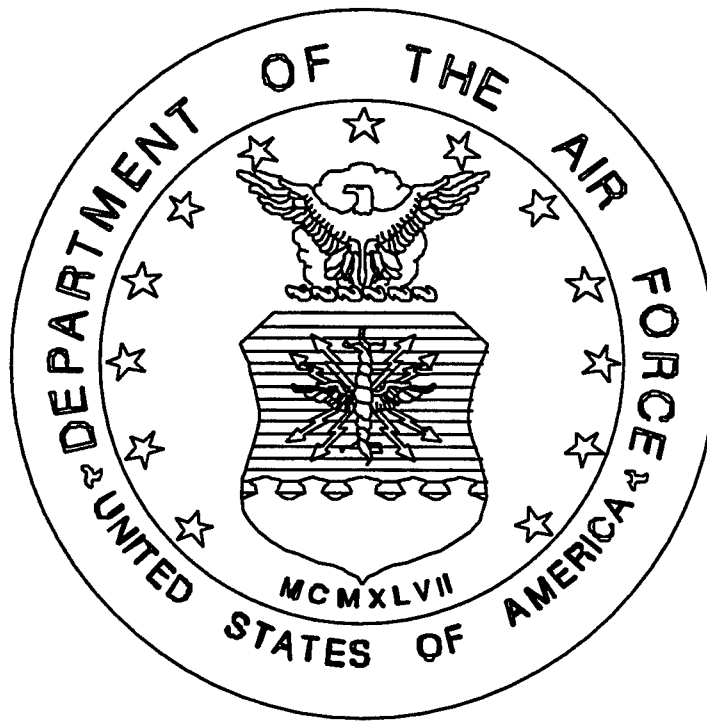
FINANCIAL HIGHLIGHTS

In FY 1996, CDA activities will commence notional billings to centrally funded O&M accounts. In FY 1997, the CDAs will operate fully as DBOF activities, billing recipients of CDA goods and services.

Estimates of Cost and Revenue are outlined below. These numbers will be refined as the total cost of CDA activity is defined in the Defense Business Operations Fund.

	<u>FY96</u>	<u>FY97</u>
Cost of Goods Sold	\$372.1M	\$365.1M
Net Operating Results	- 0 -	- 0 -
Accumulated Operating Results	- 0 -	- 0 -
Civilian End Strength	1,180	1,157
Civilian Workyears	1,217	1,169
Military End Strength	1,374	1,374
Military Workyears	1,374	1,374

**UNITED STATES AIR
FORCE
DEFENSE BUSINESS
OPERATIONS FUND**



FY 1996/1997

CAPITAL BUDGET

***February 1995
UNCLASSIFIED***

FY96/97 President's Budget
 Cost of Operations Division
 UC/FUND #9A:

Component: U.S. Air Force
 Date: 6 FEB 1995
 (DOLLARS IN MILLIONS)

Item Description	FY 1994		FY 1995		FY 1996		FY 1997	
	Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
EQUIPMENT								
Replacement	0	0.000	0	0.000	0	0.000	0	0.000
Productivity	4	1.691	0	0.000	1	0.253	0	0.000
New Mission	0	0.000	0	0.000	0	0.000	0	0.000
Environmental Compliance	0	0.000	0	0.000	0	0.000	0	0.000
Subtotal	4	1.691	0	0.000	1	0.253	0	0.000
ADPE & TELECOMM	1	0.104	10	13.693	128	8.185	56	3.571
SOFTWARE DEVELOPMENT	0	0.000	0	0.000	0	0.000	0	0.000
MINOR CONSTRUCTION	26	1.878	1	0.250	0	0.000	0	0.000
Total	31	3.673	11	13.943	129	8.438	56	3.571

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DEFENSE BUSINESS OPERATIONS FUND - AIR FORCE
FY 1996/1997 BUDGET ESTIMATE

PROJECTS ON FY 95 - 1 ANNUAL OPERATING BUDGET/PRESIDENT'S BUDGET - SMBA						
FY	APPROVED PROJECT	REPROGS	APPROVED PROJ COST	CURRENT PROJ COST	EXCESS TO PROJ *	Dollars in Millions
	Minor Construction					
95	Fire Sprinkler System		\$0.30	\$0.00	\$0.30	excess funds in FY94 were used in conjunction with this project
	OC-ALC					
		ADPE-D300 HDWR				
		Modeler-OC-ALC	\$0.00	\$0.10	(\$0.10)	project was identified out of cycle and submitted in FY96/97 Defense Business Review
		ADPE-VAX Station				
		4000 VLC-OC-ALC	\$0.00	\$0.15	(\$0.15)	project was identified out of cycle and submitted in FY96/97 Defense Business Review
	Repair Railroad Tack					
	OC-ALC		\$1.50	\$0.00	\$1.50	due to an extensive review, this project was cancelled
	SM017		\$0.07	\$0.00	\$0.07	due to a review required by PBD 424 and was moved from Cost of Operations Divisions to O&M
		SAMP03 - Minor Construction, Bldg 3	\$0.00	\$0.25	(\$0.25)	project was identified out of cycle and submitted in FY96/97 Defense Business Review
		OOADPE001 Computer Workstations	\$0.00	\$0.24	(\$0.24)	project was identified out of cycle and submitted in FY96/97 Defense Business Review
95	TOTAL 94		\$1.87	\$0.74	\$1.13	
	Equipment - ADPE & TELECOM					
95			\$13.20	\$13.20	\$0.00	subsequent to the DISA/Component Comptroller verification of the requirement, capital authority will be released in an updated AOB
95	TOTAL 94		\$15.07	\$13.94	\$1.13	
* Excess to Project - These are "excess" funds to the individual project. These "excess" funds may be reprogrammed to other capital budget projects.						

**DEFENSE BUSINESS OPERATIONS FUND
FY 1996/1997 BUDGET ESTIMATE**

**SUPPLY MANAGEMENT - AIR FORCE
CAPITAL INVESTMENT JUSTIFICATION**

Element of Cost	FY 1995			FY 1996			FY 1997		
	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
D300 Hardware Modeler	1	\$100.0	\$100.0						
	1		\$100.0						

Narrative Description:

This device will be utilized by the LASAR Teyadyne Digital simulation software to greatly reduce test program modification time. This device will be used to accurately model complex electronic components. With the increasing complexity of electronic boards it is becoming very complicated to accurately model the internal chips. With this additional capability we will be able to accurately model devices beyond the 32 bit device barrier.

Narrative Justification:

D300 Hardware Modeler, current modeling procedures take one/ two months to develop. With this system it will take four to five working days for model development.

a) One Time investment cost:

1) Current Procedure costs:

- Engineering Time Cost = \$52 per hour
- Three requirements per year
- Current Cost = \$52 x 410 hours = \$21,320

**DEFENSE BUSINESS OPERATIONS FUND —
FY 1996/1997 BUDGET ESTIMATE**

**SUPPLY MANAGEMENT - AIR FORCE
CAPITAL INVESTMENT JUSTIFICATION**

Element of Cost	FY 1995			FY 1996			FY 1997		
	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
MINOR CONSTRUCTION	1	\$250.0	\$250.0						
	1		\$250.0						

Narrative Description:

LDP has been moved permanently to bldg 329. The area is space constrained. The space constructed was designed for 85 personnel which included 2 branch offices with no conference room. The two branch offices require more privacy than that which was provided. In addition, LDP will be gaining 14 new employees. It will be critical to reconfigure the space occupied by the branch offices to accomodate the additional personnel. LDP personnel are forced to leave their facility to attend meetings in a conference room. Productivity is lost while these personnel are in transit.

Narrative Justification:

The additional office space is required for incoming personnel. The value of a branch office having the privacy to allow for counseling and otherprivate discussions in intangible. The value of a conference is intangible; however, the cost of personnel in transit to conference room is real.

Cost of in transit personnel:

20 personnel, average GS-09 @ \$25.13
Average 10 minutes each way, 20 minutes total
2 meetings per week

$\$25.13/60 * 20 = \8.38

Weekly: \$335

**DEFENSE BUSINESS OPERATIONS FUND
FY 1996/1997 BUDGET ESTIMATE**

**SUPPLY MANAGEMENT - AIR FORCE
CAPITAL INVESTMENT JUSTIFICATION**

Element of Cost	FY 1995			FY 1996			FY 1997		
	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Vax Station 4000 VLC	1	\$158.0	\$158.0	0	\$0.0	\$0.0	0	\$0.0	\$0.0
	1		\$158.0	0		\$0.0	0		\$0.0

Narrative Description:

The Vax Station 4000 VLC computer system will be utilized to support propulsion engine Retirement For Cause Eddy Current Inspection stations engineering data from the parts being inspected for service. Engineering data from the Retirement For Cause Inspection Stations is being lost due to the non-capability of data capture. In some cases parts have to be rescheduled for inspection before acceptance or rejection of the part can be determined.

Narrative Justification:

Retirement for Cause Inspection Station propulsion engine parts has a very demanding schedule. To reschedule parts for resetting due to insufficient data causes delays in overhauls or spares in the supply system. Retesting utilizes resources that could be utilized on parts that are awaiting inspection. A large amount of man hours are utilized to configure a Retirement for Cause Inspection Station for parts inspection. Inspection time could exceed eight hours.

**DEFENSE BUSINESS OPERATIONS FUND
FY 1996/1997 BUDGET ESTIMATE**

**SUPPLY MANAGEMENT - AIR FORCE
CAPITAL INVESTMENT JUSTIFICATION**

Element of Cost	FY 1995			FY 1996			FY 1997		
	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Engineering Modeling Tool	2	\$25.0	\$50.0	0	\$0.0	\$0.0	1	\$26.0	\$26.0
Engineering Analysis Tool	2	\$43.0	\$86.0	0	\$0.0	\$0.0	1	\$45.0	\$45.0
Engineering Work Station	2	\$37.0	\$74.0	0	\$0.0	\$0.0	1	\$40.0	\$40.0
Training	1	\$25.0	\$25.0	0	\$0.0	\$0.0	1	\$26.0	\$26.0
			\$0.0			\$0.0			\$0.0
			\$0.0			\$0.0			\$0.0
	7		\$235.0	0		\$0.0	4		\$137.0
Narrative Description:									
Due to downsizing, it is essential to obtain tools that will enable the accomplishment of workload faster, and with fewer employees. A rapid processing computer workstation with software for performing Engineering Analysis work in support of the Landing Gear Engineering workload is required. An IBM RS-6000 system for doing geometric modeling, mechanical analysis, and parametric optimization will be needed. Two machines will be required in FY95. With the additional downsizing, another machine will be required in FY97.									
Narrative Justification:									
Engineering Analysis tools are necessary to perform the thermal and stress analysis of Landing Gear components. This analysis is necessary for determining safe overhaul limits, and failure modes. In addition, it helps in designing repairs and modifications. Analysis tools previously used required a full time person to operate, whereas the new analysis tools do not need any extra personnel. Due to downsizing, these tools are required to enable the implementation without the personnel and equipment required previously.									

DEFENSE BUSINESS OPERATIONS FUND
FY 1996/1997 BUDGET ESTIMATE

SUPPLY MANAGEMENT - AIR FORCE
CAPITAL INVESTMENT JUSTIFICATION

Element of Cost	FY 1995			FY 1996			FY 1997		
	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Equipment Productivity				1	\$227.0	\$227.0			
				1		\$227.0			

Narrative Description:

This system will store 161,000 NSN Master History Files on Magnetic Optical Disks, making them accessible to data acquisition personnel and their customers through a network and LAN. This system is required to support the entire SA-ALC RSD/SSD community for maintaining the Item Master History Files of all items managed at this ALC. This support is manifested by assuring that all Item Master History Files reflect the latest changes or additions to any and all documents within each individual file and affirming that every file is kept in a safe place, available to any of our customers upon request. Currently the file room is maintained manually. The staff consists of one GS-04 and two Student Aids. They check every file in and out and perform file maintenance.

Narrative Justification:

If funding is not allocated to change the way we store and maintain these History Files, there is the possibility that through fire or a natural disaster such as a tornado, that the files will be destroyed because they are not stored in fireproof cabinets or in a vault and there is no fire suppression system installed. The cost of constructing and maintaining a paper back up of the 161,000 files would be extremely labor intensive and much more costly. The destruction of these files would impact the entire SA-ALC RSD/SSD, item management, technical, screening, and buying communities. They would not have access to the documentation contained in the History Files that allows all these managers to make the appropriate decisions to perform their mission in a cost effective manner.

ECONOMIC ANALYSIS: Pay back of the proposed system would be within five years.

Yearly Salary of one GS-04/5 = \$ 27,878 (Annual Accelerated Salary; Ref Table 31-1 AFI 65-503)
 Yearly Avg O.T. for GS-04/5 = 754 (Actual Experience)
 Yearly Salary of two student aids = 17,680 (Approximately 20 hours per week each @ \$8.50)
 Current Total Cost to Saff File Room: \$ 46,312

DEFENSE BUSINESS OPERATIONS FUND _
FY 1996/1997 BUDGET ESTIMATE

SUPPLY MANAGEMENT - AIR FORCE
CAPITAL INVESTMENT JUSTIFICATION _

	FY 1994			FY 1995			FY 1996			FY 1997		
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Hardware:												
Mid Tier			0.0			3,801.6			0.0			0.0
User Level			0.0			9,398.4			8,100.0			3,400.0
TOTAL HARDWARE			0.0			13,200.0			8,100.0			3,400.0

Narrative Justification:

These funds are to support the fielding of the Materiel Management Standard System (MMSS) being developed by the Joint Logistics Systems Center to Inventory Control Points (ICPs). During the recent budget review, the responsibility for acquisition of hardware for Fiscal Years 1995-1997 was transferred from the JLSC to the Military Services and Defense Logistics Agency..

The MMSS was created in response to the DoD initiative to standardize logistics systems across DoD. Over the past two years the JLSC, working with the Military Services and the Defense Logistics Agency (DLA), has evaluated the processes of the DoD Inventory Control Points (ICPs), selected and developed the most optimum automated information systems to support improved standard business practices. This request funds the continued deployment of these systems to the Department ICPs.

The type and amount of equipment needed is dependent upon the size of each site and the availability and applicability of equipment currently at that site. This requirement is based upon site surveys representative of various size sites. As deployment to a specific site nears, and taking into account acquisition lead times, a final survey will be conducted to confirm requirements. Representative configurations vary in size from those including servers at approximately \$314K per site to personal computer workstations with 17 or 15 inch displays at \$3.1 - \$2.7K per site and X-terminal workstations at \$2K per site. This represents a mixture of those configurations dependent upon deployment schedule and site requirements.

The MMSS will provide a radically improved functional capability to the Military Services and DLA, reduce DoD costs for information services and establish a systems infrastructure on which DoD can improve the way it does business. Specific improvements include:

Reduced inventories through better management

Reduced labor requirements

Reduced overhead costs

Improved control of assets

Once implementation is completed, legacy applications will be reduced or eliminated decreasing ADP costs markedly.

The projected reductions in the DoD inventories cannot be met without an improved supply management information infrastructure. In addition, the Department cannot comply with its objective to standardize information systems and business practices and effectively implement throughout the Department ICPs. This initiative supports the sustainment of readiness in a downsizing environment.

DEFENSE BUSINESS OPERATIONS FUND - AIR FORCE
FY 1996/1997 BUDGET ESTIMATE

UC/DBOF Business Area Capital Budget Summary Department of the Air Force Depot Maintenance Jan 1995 (Dollars in Millions)									
Line Number	Item Description	FY 1994		FY 1995		FY 1996		FY 1997	
		Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
	Equipment								
	- Replacement	109	32.9	72	17.1	92	25.3	67	10.1
	- Productivity	57	9.2	60	10.3	64	7.8	30	4.9
	- New Mission	0	0.0	0	0.0	0	0.0	0	0.0
	- Environmental Compliance	119	32.5	24	7.0	23	3.3	10	3.1
	ADPE & Telecomm	12	1.5	NA	4.5	0	11.6	0	11.3
	Software Development	0	0.0	0	0.0	0	0.0	0	0.0
	Minor Construction	70	8.5	26	4.0	36	5.4	21	2.2
	TOTAL	367	84.6	182	42.9	215	53.4	128	31.6

UC / DBOP
DEFENSE BUSINESS OPERATIONS FUND - AIR FORCE

Business Area Capital Budget Summary
Department FY 1996/1997 BUDGET ESTIMATE

Depot Maintenance

Jan 1995

(Dollars in Millions)

Line Number	Item Description	FY 1994		FY 1995		FY 1996		FY 1997	
		Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
	EQUIPMENT \$.5M OR MORE								
E9401	A/M32C-5 Electric Air Conditioner (Environmental Compliance)	16	0.6						
E9402	Argon Furnace (Environmental Compliance)	1	1.0						
E9403	Avionics Test Station (Replacement)	3	1.0						
E9404	B-1B ACE Air Conditioner (Environmental Compliance)	8	1.6						
E9405	E-3A ACE Air Conditioner (Environmental Compliance)	12	2.1						
E9406	Large Aircraft Robotic Paint Strip (Environmental Compliance)	NA	2.8	NA	1.9				
E9407	MA-3 Diesel Air Conditioner (Environmental Compliance)	38	1.9						
E9408	Milling Machine, 4-Axis (Replacement)	2	1.0						
E9409	Depot Metal Plating Ship IOE (Environmental Compliance)	NA	5.0						
E9410	Automated Test Stand, Medium Pressure (Replacement)	1	2.3	1	1.9	2	5.7		

Exhibit Fund-9a

UNITED STATES DEPARTMENT OF DEFENSE - OPERATIONS FUND - AIR FORCE

FY 1996/1997 BUDGET ESTIMATE

Department of Defense
Depot Maintenance

Jan 1995

(Dollars in Millions)

Line Number	Item Description	FY 1994		FY 1995		FY 1996		FY 1997	
		Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
E9411	Analog Digital Automated Test System (Replacement)	1	0.6						
E9412	Advanced Fuel Accessories Test System (Replacement)	NA	15.0						
E9413	VXI Automated Test System (Replacement)	1	0.6						
E9414	Renovate Depot Plating Shop IOE (Environmental Compliance)	NA	11.2						
E9415	Overhead Thrust Frame (Replacement)			2	1.7				
E9416	Aquamizers, C-141 Paint Removal (Environmental Compliance)	10	1.0						
E9417	Computer Numerical Control Fastener (Productivity)	1	2.8						
E9418	C-130 Wing Work Stand (Replacement)	4	1.2						
E9502	Electronic and Pneumatic Test Console (Replacement)			1	2.1			1	
E9505	T-9 Engine Test Cell (Productivity)			1	3.3				
E9506	NDI/XRAY Facility IOE (Replacement)			NA	2.0	NA	1.8		

Exhibit Fund-9a

DEFENSE BUSINESS OPERATIONS FUND - AIR FORCE

UC DBOF Business Area Capital Budget Summary
 Department of the Air Force
 Depot Maintenance
 Jan 1995
 (Dollars in Millions)

Line Number	Item Description	FY 1994		FY 1995		FY 1996		FY 1997	
		Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
E9508	Plating Shop Overhaul (Environmental Compliance)			NA	2.6	NA	1.2	NA	2.1
E9509	TF39 Test Adapters (Replacement)			NA	1.8				
E9510	Modify Cranes, B379 (Replacement)	NA	0.5	NA	1.0				
E9511	Abrasive Blasters (Environmental Compliance)			3	0.6				
E9601	Deep Draw Stretch Press, 250 Ton (Replacement)					1	1.3		
E9602	Gyro Compass Assembly Test (Replacement)					7	5.2		
E9702	Pendulous Gyroscopic Accelerometer (Replacement)							10	2.9
	SUBTOTAL	98	52.2	8	18.9	10	15.2	10	5.0
	EQUIPMENT LESS THAN \$.5M								
E0000	Equipment < \$500,000	187	22.4	148	15.5	169	21.4	97	13.1

DEFENSE BUSINESS OPERATIONS FUND - AIR FORCE
FY 1996/1997 BUDGET ESTIMATE

UC/DBOF Business Area Capital Budget Summary
 Department of the Air Force
 Depot Maintenance
 Jan 1995
 (Dollars in Millions)

Line Number	Item Description	FY 1994		FY 1995		FY 1996		FY 1997	
		Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
	ADPE & TELECOMM \$.1M OR MORE								
A9401	Laboratory Information Management Sys (Productivity)	1	0.2						
A9402	Laboratory Information Management Sys (Productivity)	1	0.4						
A9403	CAD/CAM System Expansion (Productivity)	1	0.1						
A9404	C-141 SPARC System (Replacement)	2	0.3						
A9501	DMSS (Replacement)			NA	4.5	NA	11.6	NA	11.3
	SUBTOTAL	5	1.0	NA	4.5	7	11.6	9	11.3
	ADPE AND TELECOMM LESS THAN \$.1M								
A0000	ADPE and Telecomm < \$100,000	7	0.5	0	0.0	0	0.0	0	0.0
	MINOR CONSTRUCTION								
M0000	Minor Construction > \$50,000	70	8.5	26	4.0	36	5.4	21	2.2

DEFENSE BUSINESS OPERATIONS FUND - AIR FORCE
FY 1996/1997 BUDGET ESTIMATE

PROJECTS ON FY 95 - 1 ANNUAL OPERATING BUDGET/PRESIDENT'S BUDGET - DMBA						
FY	APPROVED PROJECT	REPROGS	APPROVED PROJ COST	CURRENT PROJ COST	EXCESS TO PROJ *	Dollars in Millions
	Equipment - except ADPE & TELECOM / > \$.5M					
95	C-130 Wing Work Stand (3)		\$0.90	\$0.00	\$0.90	due to workload shifts and reexamination of the total requirement, this project has moved to FY98
	WR-ALC					
	Jet Eng Test Cell		\$3.00	\$0.90	\$2.10	it was more economical to rescope this project and modify the existing cell to meet requirement versus purchasing a new cell
	SM-ALC					
	Auto Test Stand, Med Pres		\$1.85	\$1.85	\$0.00	this project is being executed as budgeted
	OC-ALC					
	NDIXRAY (IOE)		\$3.80	\$2.00	\$1.80	part of equipment (\$1.8M) is not executable by 30 Sep 95; project descope and the \$1.8M was budgeted in FY96
	SA-ALC					
	CARPS - SA-ALC		\$9.00	\$0.00	\$9.00	this project relies on the technology of the Large Aircraft Robotic Paint Stripping System (LARPS) project at OC-ALC; LARPS has not been tested in production; therefore, this project is being deferred until FY98 when operational history is available
	Compressor System		\$4.00	\$0.00	\$4.00	requirement deleted due to downsizing
	SA-ALC					
	Water Jet Cleaning Sys		\$0.60	\$0.00	\$0.60	due to Congressional rescission, this valid FY95 requirement is unfunded
	SA-ALC					
	LARPS II		\$2.20	\$0.00	\$2.20	this project relies on the technology of the Large Aircraft Robotic Paint Stripping System (LARPS) project at OC-ALC; LARPS has not been tested in production; therefore, this project is being deferred until FY98 when operational history is available
	OC-ALC					
	Interface Test Adapters		\$0.75	\$0.00	\$0.75	this requirement was for a multiple investment buy; threshold changed and requirement funded in operating budgeting
	OO-ALC					
*	Excess to Project - These are 'excess' funds to the individual project. These 'excess' funds may be reprogrammed to other capital budget projects.					

DEFENSE BUSINESS OPERATIONS FUND - AIR FORCE
FY 1996/1997 BUDGET ESTIMATE

PROJECTS ON FY 95 - 1 ANNUAL OPERATING BUDGET/PRESIDENT'S BUDGET - DMBA						
FY	APPROVED PROJECT	REPROGS	APPROVED PROJ COST	CURRENT PROJ COST	EXCESS TO PROJ *	Dollars in Millions
	Equipment - except ADPE & TELECOM / > \$.5M					
95	Fluidized Bed Furnace		\$0.85	\$0.49	\$0.36	actual costs lower than original estimated price from Defense General Supply Center (DGSC)
	SM-ALC					
	Hydraulic Press		\$1.50	\$0.00	\$1.50	requirement removed due to workload change
	SM-ALC					
	AF32T Test Cell		\$0.00	\$3.40	(\$3.40)	original project was in appropriation 3010; in March 94, this project was properly identified as a depot maintenance project based on the definitized DBOF guidance
	OO-ALC					
	TF-39 Adapter		\$0.00	\$1.80	(\$1.80)	this requirement was identified out-of-cycle due to implementation of two level maintenance for the TF39 engine
	SA-ALC					
	Elect & Pneumatic Test		\$0.00	\$2.10	(\$2.10)	original project was in appropriation 3010; in July 94, this project was properly identified as a depot maintenance project based on the definitized DBOF guidance
	OO-ALC					
	Equipment - except ADPE & TELECOM / > \$.5M					
95	Plating Shop Overhaul		\$0.00	\$2.60	(\$2.60)	this project was required to meet changing environmental laws and regulations
	SA-ALC					
	Mod Crane - SA-ALC		\$0.00	\$1.00	(\$1.00)	existing teleplatforms which allow workers to access aircraft in the plastic media paint strip hangar began to fail and were shut down due to personnel safety; this project provides modification of the teleplatforms to correct deficiencies
	Abrasive Blasters		\$0.00	\$0.80	(\$0.80)	this project was required to meet changing environmental laws and regulations
	WR-ALC					
	Radiation Shield		\$0.00	\$0.66	(\$0.66)	it was identified that personnel would be exposed to radiation from X-RAYS; the radiation shield is required to protect personnel in the work area
	WR-ALC					
	TOTAL 95		\$28.45	\$17.60	\$10.85	
*	Excess to Project - These are "excess" funds to the individual project. These "excess" funds may be reprogrammed to other capital budget projects.					

DEFENSE BUSINESS OPERATIONS FUND - AIR FORCE
FY 1996/1997 BUDGET ESTIMATE

PROJECTS ON FY 95 - 1 ANNUAL OPERATING BUDGET/PRESIDENT'S BUDGET - DMBA						
FY	APPROVED PROJECT	REPROGS	APPROVED PROJ COST	CURRENT PROJ COST	EXCESS TO PROJ *	Dollars in Millions
95	Equipment - except ADPE & TELECOM / < \$.5M					
	Various equipment		\$19.00	\$16.40	\$2.60	Congressional rescission
	TOTAL 95		\$19.00	\$16.40	\$2.60	
	Equipment - ADPE & TELECOM					
95			\$4.90	\$4.90	\$0.00	withhold pending DISA/Component Comptroller verification of the requirement
95	Minor Construction					
	Various projects		\$5.90	\$4.00	\$1.90	Congressional rescission
	TOTAL 95		\$5.90	\$4.00	\$1.90	OSD withdrawal / Congressional withhold
95	FY95 CAP PROGRAM TOTAL					
			\$58.25	\$42.90	\$15.35	
* Excess to Project - These are "excess" funds to the individual project. These "excess" funds may be reprogrammed to other capital budget projects.						

DEFENSE BUSINESS OPERATIONS FUND - AIR FORCE

FY 1996/1997 BUDGET ESTIMATE

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)										A. BUDGET SUBMISSION FY 1996 OSD/OMB Submission				
B. Component/Business Area/Date			C. Line No. & Item Description				D. Activity Identification							
USAF/Depot Maintenance/Jan 95			E9401 / A/M32C-5 Electric Air Conditioners (Environmental Compliance)				OC-ALC							
Element of Cost			FY 1994			FY 1995			FY 1996			FY 1997		
			Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
A/M32C-5 Electric Air Conditioners			16	38	608									
<p>Narrative Justification:</p> <p>This project replaces sixteen A/M32C-5 electric air conditioners used to support the B-52 and C/KC-135 aircraft programmed depot maintenance operations. These units provide environmental control for fuel systems work in enclosed areas and are required for support of annual workloads of 50 C-135 aircraft and 22 B-52 aircraft. Existing units have many obsolete parts and the manufacturer no longer supports these models. All existing freon type air conditioners in OC-ALC/LAP are considered terminal, obsolete, and unsupportable. The requested replacement air conditioners are the non-polluting refrigerant type required by the Clean Air Act of 1990.</p> <p>Impact if Not Provided:</p> <p>All OC-ALC air conditioners are becoming unsupportable. As of Jun 93, new freon can not be purchased to support any air conditioning units. Used freon will be available but can not always be cleaned back to specification limits. Without the new air conditioners, current levels of workload could not be supported.</p>														

DEFENSE BUSINESS OPERATIONS FUND - AIR FORCE

FY 1996/1997 BUDGET ESTIMATE

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)										FUND 100 - DEFENSE SUB FUND 100 - AIR FORCE PROGRAM ELEMENT 100 - MAINTENANCE	
B. Component/Business Area/Date		C. Line No. & Item Description				D. Activity Identification					
USAF/Depot Maintenance, Jan 95		E9402 / Argon Furnace (Environmental Compliance)				OC-ALC					
		FY 1994		FY 1995		FY 1996		FY 1997			
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost		
Argon Furnace	1	1000	1000								
Narrative Justification: Components requiring heat treat stress relief are currently processed through air atmosphere furnaces, which causes oxidation scaling. The scaling requires chemical cleaning to remove scale so that inspection and further repairs can be accomplished. The use of an argon furnace, in place of an air atmosphere furnace, provides heat treat stress relief on the component without the formation of oxidation due to the "inertness" of the atmosphere. This eliminates the need to clean these parts without hazardous chemicals and thereby reduces the amount of hazardous wastes produced. Impact if not provided:											
Current DOD policy calls for the minimization of the demand for and disposal of hazardous chemicals/wastes. The cleaning operations described here exist only because of the shortfall of appropriate heat treating furnaces. Lack of this furnace will cause OC-ALC to continue to use the current cleaning line, requiring the continued use and disposal of hazardous chemicals.											

DEFENSE BUSINESS OPERATIONS FUND - AIR FORCE

FY 1996/1997 BUDGET ESTIMATE

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)		A. BUDGET SUBMISSION FY, 1996 OSD/OMB Submission							
B. Component/Business Area/Date	C. Line No. & Item Description	D. Activity Identification							
USAF/Depot Maintenance/Jan 95	E9403 / Avionics Test Station (Replacement)	OC-ALC							
		FY 1996							
		FY 1997							
Element of Cost	FY 1994		FY 1995		FY 1996		FY 1997		
	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Avionics Test Station	3	329	986						
<p>Narrative Justification:</p> <p>This project replaces three ancient and unsupportable automatic test stations with state-of-the-art VXI Technology Testers. The current test stations have a history of unreliability and two of them have been down for repair for approximately 1 year. Current indications from the manufacturers lead to the belief that parts supportability will be decreasing considerably in the future. Current work around procedures involve sending parts to an alternate ALC on temporary work orders until they can be repaired. The multiple application capability of the new testers will improve supportability due to operation of like systems and provide the ability to move workload to a second tester when one is down for maintenance and calibration.</p> <p>Impact if Not Provided:</p> <p>OC-ALC will have to continue to bare the expense of current methods of routing items to an alternate ALC. Current test stations will continue to experience considerable down time and will eventually become inoperable.</p>									

FY 1996/1997 BUDGET ESTIMATE

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION
(\$ in Thousands)

U.S. DEPARTMENT OF COMMERCE
OFFICE OF THE COMMISSIONER
WASHINGTON, D.C. 20540

B. Component/Business Area, Date		C. Line No. & Item Description				D. Activity Identification						
USAF/Depot Maintenance/Jan 95		E9404 / B-1B ACE Air Conditioners (Environmental Compliance)				OC-ALC						
Element of Cost	FY 1994			FY 1995			FY 1996			FY 1997		
	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
	8	198	1584									
B-1B ACE Air Conditioners												

Narrative Justification:

Replacement of four (4) Zwick air conditioners and several other smaller air conditioners used to support the B-1B Aircraft Programmed Depot Maintenance operations. This will also provide the additional 4 units required to support ramp aircraft. The air conditioners are used to keep the avionics equipment in the aircraft from over heating during the check out procedure and provide cool air to the fuel tank breathing and ventilation systems. All existing freon type air conditioners in OC-ALC/LAP are considered terminal, obsolete, and unsupportable. The requested replacement air conditioners are the non-polluting refrigerant type (R134A) required by the Clean Air Act of 1990.

Impact if not provided:

All OC-ALC air conditioners are becoming unsupportable. As of Jun 93, new freon can not be purchased to support any air conditioning units. Used freon will be available but can not always be cleaned back to specification limits. Without the availability of usable freon for the current units, the production of B-1B aircraft will be greatly hindered, if not stopped completely.

DEFENSE BUSINESS OPERATIONS FUND - AIR FORCE

FY 1996/1997 BUDGET ESTIMATE

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)										B. BUDGET SUBMITTED FY 1996 OSD OMB Submission			
B. Component/Business Area/Date		C. Line No. & Item Description				D. Activity Identification							
USAF/Depot Maintenance/Jan 95		E9405 / E-3A ACE Air Conditioners (Environmental Compliance)				OC-ALC							
		FY 1994			FY 1995			FY 1996			FY 1997		
Element of Cost		Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
E-3A ACE Air Conditioners		12	174	2088									
<p>Narrative Justification:</p> <p>This project replaces twelve ACE air conditioners used to support the E-3 Aircraft Programmed Depot Maintenance, modifications, and unscheduled workload operations. ACE air conditioners are used to perform ground functional system checkouts on every E-3 aircraft. Existing units have reciprocating type compressors which have all been condemned and the Manufacturer and Compressor Item Manager no longer support these models. All existing freon type air conditioners in OC-ALC/LAP are considered terminal, obsolete, and unsupportable. The requested replacement air conditioners are the non-polluting refrigerant type (R134A) required by the Clean Air Act of 1990.</p> <p>Impact if not provided:</p> <p>All OC-ALC air conditioners are becoming unsupportable. As of Jun 93, new freon can not be purchased to support any air conditioning units. Used freon will be available but can not always be cleaned back to specification limits. LAP can not support more than one aircraft at a time with current working units. Work stoppages and delays are occurring until units can be obtained or made available.</p>													

DEFENSE BUSINESS OPERATIONS FUND - AIR FORCE

FY 1996/1997 BUDGET ESTIMATE

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)										A. BUDGET SUBMISSION FY 1996 OSD/OMB Submission			
B. Component/Business Area/Date		C. Line No. & Item Description			D. Activity Identification								
USAF/Depot Maintenance/Jan 95		E9406 / Large Aircraft Robotic Paint Stripping (LARPS) (Environmental Compliance)			OC-ALC								
		FY 1994			FY 1995			FY 1996			FY 1997		
Element of Cost		Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Large Aircraft Robotic Paint Stripping (LARPS)		NA	2823	2823	NA	1873	1873						
<p>Narrative Justification:</p> <p>REPTECH Project to implement an automated paint removal process for large aircraft with minimal environmental impact (hazardous waste reduced by 90%). Projected annual savings are \$1,750,203 with a payback period of 6.4 years.</p> <p>Impact if Not Provided:</p> <p>Increasing environmental restrictions will significantly increase cost of current chemical process and impair capabilities to depaint aircraft. Lack of funding for this project will default the memorandum of understanding between the Wright Laboratories MANTECH Directorate and OC-ALC; and would also result in defaulting of the existing contract.</p>													

DEFENSE BUSINESS OPERATIONS FUND - AIR FORCE FY 1996/1997 BUDGET ESTIMATE

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION II
(\$ in Thousands)

B. Component, Business Area/Date	C. Line No. & Item Description	D. Activity Identification					
		FY 1994			FY 1995		
		Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
USAF/Depot Maintenance/Jan 95	E9407 / MA-3 Diesel Air Conditioners (Environmental Compliance)						
		38	50	1900			
MA-3 Diesel Air Conditioners							

Narrative Justification:

This project replaces thirty-eight (38) air conditioners used to support the B-52 and C/KC-1235 aircraft programmed depot maintenance operations. These air conditioners support fuel operations on the ramp (and in dock B-52 only). They also cool integral aircraft equipment during operational checks on the ramp. Existing units have many obsolete parts and the manufacturer no longer supports these models. All existing freon type air conditioners in OC-ALC/LAP are considered terminal, obsolete, and unsupportable. The requested replacement air conditioners are the non-polluting refrigerant type (R134A) required by the Clean Air Act of 1990.

Impact if not provided:

All OC-ALC air conditioners are becoming unsupportable. As of Jun 93, new freon can not be purchased to support any air conditioning units. Used freon will be available but can not always be cleaned back to specification limits. Without the new air conditioners, current levels of workload could not be supported.

DEFENSE BUSINESS OPERATIONS FUND - AIR FORCE

FY 1996/1997 BUDGET ESTIMATE

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)										A. BUDGET SUBMISSION FY 1996 OSD/OMB Submission			
B. Component/Business Area/Date		C. Line No. & Item Description				D. Activity Identification							
USAF/Depot Maintenance/Jan 95		E9408 / Milling Machines, 4-Axis (Replacement)				OC-ALC							
		FY 1994			FY 1995			FY 1996			FY 1997		
Element of Cost		Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Milling Machines, 4-Axis		2	475	950									
<p>Narrative Justification:</p> <p>Two 4-axis computer numerical control (CNC) horizontal spindle machining centers with dual pallet changers will provide 4-axis contouring capabilities required to support weapons system component/part manufacture and repair. The dual pallet changers will increase machine utilization by 20 to 30 percent because the machine will not be idle during the set-up of parts/material on the off-line pallet. Two 4-axis CNC horizontal machining centers with dual pallet changers will replace four obsolete NC 3-axis horizontal machining centers. Currently, the four horizontal machining centers, manufactured in 1975, have exceeded their useful life.</p> <p>Impact if not provided:</p> <p>Inability to support manufacturing/repair of component parts associated with several weapon systems as the four NC machines currently in use have exceeded their useful service life as shown by excessive downtime and escalating maintenance costs.</p>													

DEFENSE BUSINESS OPERATIONS FUND - AIR FORCE

FY 1996/1997 BUDGET ESTIMATE

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)										A. EQUIPMENT ACQUISITION FY 1996 OSD ONE Submission			
B. Component/Business Area/Date		C. Line No. & Item Description				D. Activity Identification							
USAF/Depot Maintenance/Jan 95		E9409 / Add to and Alter Depot Metal Plating Shop (IOE) (Environmental Compliance)				OC-ALC							
		FY 1994			FY 1995			FY 1996			FY 1997		
Element of Cost		Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Renovate Depot Plating Shop		NA	5000	5000									
<p>Narrative Justification:</p> <p>This project is to purchase Initial Outfitting Equipment for the Military Construction Project FY93 Add to and Alter Depot Metal Plating Shop. This project will replace the Nickel and Silver plating lines at OC-ALC. The existing facility has been in service for over 20 years and most of the process equipment has deteriorated beyond economical repair and in most cases is technologically and environmentally obsolete. The facility and equipment supports depot maintenance on B-52, KC-135, E-3A, B-1B, B-2 aircraft and ten different jet engines. Estimated annual savings is \$ 5,988,434 most of which is derived from excessive contractor and pipeline costs. This new modern equipment is the best available control technology to abate toxic emissions while continuing production.</p> <p>Impact if not provided:</p> <p>Failure to purchase this equipment will result in accelerated deterioration and eventual shutdown of the shop due to EPA and OSHA violations. The equipment will be purchased in FY92-FY93-FY94. Construction will be phased so that the entire shop is not affected at once. Timing of equipment procurement and installation is critical.</p>													

DEFENSE BUSINESS OPERATIONS FUND - AIR FORCE

FY-1996/1997 BUDGET ESTIMATE

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)										BUDGET SUBMISSION FY 1996 OSD OMB Submission			
B. Component/Business Area/Date		C. Line No. & Item Description				D. Activity Identification							
USAF/Depot Maintenance/Jan 95		E9410 / Automated Test Stand, Medium Pressure (Replacement)				OC-ALC							
		FY 1994			FY 1995			FY 1996			FY 1997		
Element of Cost		Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Automated Test Stand, Medium Pressure		1	2255	2255	1	1850	1850	2	2850	5700			
<p>Narrative Justification:</p> <p>This project replaces five existing component test stands in FY94, three in FY95, and seven in FY96 with medium pressure, automated, generic test stands. The FY94 purchase will have five test program sets (TPS) capability, the FY95 will have ten TPS capability, and the FY96 will have four TPS capability. The existing stands range in age from 12 to 44 years and all have exceeded their useful life. Simulation models and detailed economic analyses concludes this project to be the preferable alternative.</p> <p>Impact if Not Provided:</p> <p>If these stands are not purchased OC-ALC will have to refurbish or replace them one for one and turn them in when the workload leaves. It is more feasible to replace these stands with generic stands which could easily test components in the future in support of new or additional workloads.</p>													

DEFENSE BUSINESS OPERATIONS FUND - AIR FORCE

FY 1996/1997 BUDGET ESTIMATE

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)										A. BUDGET SUBMISSION FY 1996 OSD/OMB Submission			
B. Component/Business Area/Date		C. Line No. & Item Description			D. Activity Identification								
USAF/Depot Maintenance/Jan 95		E9411 / Analog Digital Automated Test System (ADATS) (Replacement)			SA-ALC								
		FY 1994			FY 1995			FY 1996			FY 1997		
Element of Cost		Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
ADATS		1	595	595									
<p>Narrative Justification:</p> <p>This project will replace one existing Bendix 320 and nine associated test program sets (TPSS) with advanced commercial automated test equipment that is readily maintainable, hardware expandable, and does not require extensive programming skills for TPS development. The new automated test equipment will assure continued F-15 AIS repair capability. The new replacement test system will meet USAF Automated Test Systems Integrated Weapon System Management (IWSM) standard family criteria that includes standardization, general purpose, flexible architecture system, commercial industry standards, and adaptable to a wide range of mission requirements.</p> <p>Impact if not Provided:</p> <p>The existing tester is over ten years old and is obsolete and no longer manufactured. New replacement test equipment is required to support the existing weapon system repair workload. Without the replacement equipment, the maintenance and repair of the F-15 and F-16 support equipment electronic systems will be severely impacted. Manual repair and fault isolation procedures will need to be implemented which will result in unacceptable repair turn around times and repair costs.</p>													

DEFENSE BUSINESS OPERATIONS FUND - AIR FORCE

FY-1996/1997 BUDGET ESTIMATE

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)									
B. Component/Business Area/Date		C. Line No. & Item Description				D. Activity Identification			
USAF/Depot Maintenance/Jan 95		E9412 / FY88 MILCON Program. Advanced Fuel Accessories Test Facility IOE (Replacement)				SA-ALC			
		FY 1994			FY 1995			FY 1996	
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Advanced Fuel Accessories Test System	NA	NA	14976						
<p>Narrative Justification:</p> <p>This project will purchase Initial Outfitting Equipment for the Military Construction Project, FY88 Advanced Fuel Accessories Test Facility. This system will replace obsolete existing test stands which are becoming unsupportable, since replacement parts are no longer available. The new system will incorporate generic type test stands which, with adaptors to connect the test stands and the fuel pumps being tested, will be able to test any type workload.</p> <p>Impact if not provided:</p> <p>The equipment was economically justified IAW AFLCR 78-3 with an annual savings of approximately \$4M. Savings will primarily be derived from improvements in manpower effectiveness, operating and maintenance and repair costs. A base contract, for initial capability, was awarded in FY91, with options for the remainder of equipment. The FY94 funding is for exercising the last option which provides capability to test in the remaining pressure range. Delayed funding will cause loss of contract option, necessitating another complete procurement or renegotiating a price.</p>									

DEFENSE BUSINESS OPERATIONS FUND - AIR FORCE **FY 1996/1997 BUDGET ESTIMATE**

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)										A. BUDGET SUBMISSION FY, 1996 OSD-OMB Submission			
B. Component/Business Area/Date		C. Line No. & Item Description			D. Activity Identification								
USAF/Depot Maintenance/Jan 95		E9413 / VXI Automated Test System (Replacement)			SA-ALC								
Element of Cost		FY 1994			FY 1995			FY 1996			FY 1997		
		Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
VXI Automated Test System		1	595	595									
<p>Narrative Justification:</p> <p>This project will replace one existing GRL792 and nine associated test program sets (TPSS) with advanced commercial automated test equipment that is readily maintainable, hardware expandable, and does not require extensive programming skills for TPS development. The new replacement test system will meet USAF Automated Test Systems Integrated Weapon System Management (IWSM) standard family criteria that includes standardization, general purpose, flexible architecture system, commercial industry standards, and adaptable to a wide range of mission requirements.</p> <p>Impact if not Provided: </p> <p>The existing tester is over fifteen years old and is obsolete and no longer manufactured. New replacement test equipment is required to support the existing weapon system repair workload. Without the replacement equipment, the maintenance and repair of the F-15 and F-16 support equipment electronic systems will be severely impacted. Manual repair and fault isolation procedures will need to be implemented which will result in unacceptable repair turn around times and repair costs.</p>													

DEFENSE BUSINESS OPERATIONS FUND - AIR FORCE
FY 1996/1997 BUDGET ESTIMATE

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)										A. PROJECT IDENTIFICATION FY 1996 OSD-OMB Submission			
B. Component/Business Area/Date		C. Line No. & Item Description				D. Activity Identification							
USAF/Depot Maintenance/Jan 95		E9414 / Renovate Depot Plating Shop (IOE) (Environmental Compliance)				SM-ALC							
		FY 1994			FY 1995			FY 1996			FY 1997		
Element of Cost		Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Renovate Depot Plating Shop		NA	NA	11237									
<p>Narrative Justification:</p> <p>This project is to purchase Initial Outfitting Equipment for the Military Construction Project FY94 Renovate Depot Plating Shop. This project is a phased approach for renovating each processing line. The existing facility has been in service for 17 years and most of the process equipment is deteriorated beyond repair and in most cases is technologically and environmentally obsolete. California law requires facilities to minimize hazardous waste generation. This project is necessary to upgrade hazardous waste conveyance to the waste treatment plant and will be used in a compliance agreement with the state.</p> <p>Impact if not Provided: </p> <p>The state EPA has threatened to issue corrective action orders for the uncontrolled releases and illegal operation of the sumps. Such an order would require immediate action and could result in the shutting down of certain plating operations. Approval of this project will show intent to correct current and future violations and compliance with waste minimization regulations.</p>													

DEFENSE BUSINESS OPERATIONS FUND - AIR FORCE
FY 1996/1997 BUDGET ESTIMATE

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)										A. BUDGET SUBMISSION FY 1996 OSD OMB Submission	
B. Component/Business Area/Date		C. Line No. & Item Description				D. Activity Identification					
USAF/Depot Maintenance/Jan 95		E9415 / Overhead Thrust Frame (Replacement)				SM-ALC					
		FY 1994		FY 1995		FY 1996		FY 1997			
Element of Cost		Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	
Jet Engine Test Thrust Frame					2	872	1744				
<p>Narrative Justification:</p> <p>The overhead thrust frame will allow performance evaluation of the TF-30, TF-33, and TF-34 jet engines after demounting to perform programmed depot maintenance work. The system includes an overhead thrust frame and ancillary equipment installed in an existing T-10 noise suppression system. The current test cells are unsatisfactory and a long term solution is required. A detailed economic analysis of three alternatives indicates this is the most feasible solution with projected present value of savings totaling \$1,615,121 per unit.</p> <p>Impact if not provided:</p> <p>The current jet engine performance testing operation is unsatisfactory. The system is 36 years old and was modified in the 1970's from a propeller aircraft engine test facility to a jet engine test cell. With the continued deterioration, this investment is required to insure that adequate equipment is available to perform required safety of flight checks.</p>											

DEFENSE BUSINESS OPERATIONS FUND - AIR FORCE

FY 1996/1997 BUDGET ESTIMATE

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)										A. BUDGET SUBMISSION FY 1996 OSD/OMB Submission		
B. Component/Business Area/Date		C. Line No. & Item Description				D. Activity Identification						
USAF/Depot Maintenance/Jan 95		E9416 / Aquamizers for C-141 Paint Removal (Environmental Compliance)				WR-ALC						
		FY 1994			FY 1995			FY 1996			FY 1997	
Element of Cost		Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Total Cost
Aquamizers		10	95	950								
<p>Narrative Justification:</p> <p>This project provides for the purchase and installation of, medium pressure (15,000 psi) water with/without bicarbonate of soda, paint removal systems for the C-141 aircraft. The system will be integrated into an existing hangar and replace an existing chemical strip system.</p> <p>Impact if not provided:</p> <p>Chemical stripping of C-141 aircraft will continue, producing hazardous waste and contributing to high levels of air toxins and carcinogens. There will be a possibility for a Clean Air Act violation for banning hazardous air pollutants during aircraft depaint, effective 1997.</p>												

DEFENSE BUSINESS OPERATIONS FUND - AIR FORCE

FY 1996/1997 BUDGET ESTIMATE

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)										A. BUDGET SUBMISSION FY, 1996 OSD-OMB Submission			
B. Component/Business Area/Date		C. Line No. & Item Description			D. Activity Identification								
USAF/Depot Maintenance/Jan 95		E9509 / TF39 Test Adapters (Replacement)			SA-ALC								
		FY 1994			FY 1995			FY 1996			FY 1997		
Element of Cost		Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
TF39 Test Adapters					NA	NA	1800						
<p>Narrative Justification:</p> <p>This project is for the manufacture/acquisition of two each TF39 Engine Build-up Unit (EBU) test cell adapters. These adapters are to be used to test the TF39 engine in full flight dress. Current test cells are not capable of supporting this required test. They are required to support the projected Two Level Maintenance (2LM) TF39 engine workload.</p> <p>Impact if not provided:</p> <p>SA-ALC Engine test cell activity will be unable to support the TF39 2LM workload projected in FY96.</p>													

DEFENSE BUSINESS OPERATIONS FUND - AIR FORCE
FY 1996/1997 BUDGET ESTIMATE

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)										A. BUDGET JUSTIFICATION FY 1996, OSD-OMB Submission			
B. Component /Business Area/Date		C. Line No. & Item Description			D. Activity Identification								
USAF/Depot Maintenance/Jan 95		E9510 / Modify Cranes, B379 (Replacement)			SA-ALC								
		FY 1994			FY 1995			FY 1996			FY 1997		
Element of Cost		Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Modify Cranes		NA	NA	490	NA	NA	996						
<p>Narrative Justification:</p> <p>This project is for the repair tele-platforms and the installation of stand alone breathing air systems in Bldg 379, SA-ALC, to support C-5 aircraft depainting operations. The cable system supporting one platform, nearly resulting in a loss of life. The investigation of this incident identified a design deficiency in the system. This facility has five similarly designed telecranes which have all shut down pending correction of the design deficiency. Stand alone breathing air systems will provide higher quality air for workers performing the depainting operations.</p> <p>Impact if not provided:</p> <p>Current systems have been shut down due to the identified design deficiency and can not be used until this deficiency has been corrected. Without these systems, work around procedures to enable workers to reach C-5 work surfaces will be required. Current work around procedures also include dangers to workers that are unacceptable when compared to the use of repaired telecranes.</p>													

DEFENSE BUSINESS OPERATIONS FUND - AIR FORCE

FY 1996/1997 BUDGET ESTIMATE

BUSINESS AREA CAPITAL (\$ in Thousands)				A. BUDGET SUBMISSION FY 1996 OSD/OMB Submission			
B. Component/Business Area/Date				D. Activity Identification			
USAF/Depot Maintenance/Jan 95				OC-ALC			
C. Line No. & Item Description				E9601 / Deep Draw Stretch Press, 250 Ton (Replacement)			
FY 1994				FY 1995			
FY 1996				FY 1997			
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Total Cost
Deep Draw-Stretch Press, 250 Ton	1	1340	1340				
<p>Narrative Justification:</p> <p>Current practices utilize four presses to form sheet metal into aircraft skins for B-52H, C-135, and E-3 repair. The proposed project will purchase one new press to replace two existing presses. The current process requires the use of sequencing dies to allow controlled forming of intricately shaped parts. During this process wrinkles build up around the contours of these parts, which must be worked out using hammers and shrink/stretch type machines. The proposed equipment item has a stretch function built in to eliminate these wrinkles and the associated scrap and rework. The proposed item will reduce the required number of labor hours and labor costs by 46%. An economic analysis shows a payback period of 3.5 years and a savings to investment ratio of 2.7. A sensitivity analysis shows that varying workload and proposed hours by as much as 55% would still yield a savings to investment ratio of 1 or greater.</p> <p>Impact if Not Provided:</p> <p>Current shop practices related to this equipment utilize 31,116 manhours (\$531,460) annually. The proposed equipment item will provide an annual savings of approximately \$336,000 in labor costs. Failure to procure this item will result in these annual savings be unrealized and will require the continued use of existing methods and equipment.</p>							

DEFENSE BUSINESS OPERATIONS FUND - AIR FORCE

FY 1996/1997 BUDGET ESTIMATE

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)										
B. Component/Business Area/Date		C. Line No. & Item Description			D. Activity Identification			FY 1997		
USAF/Depot Maintenance/Jan 95		E9602 / Gyro Compass Assembly Test Station (GCATS) (Replacement)			OO-ALC					
		FY 1994			FY 1995			FY 1996		
Element of Cost		Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
GCATS								7	743	5200

Narrative Justification:

Because of the recent DOD decision to extend the useful life of the Minuteman ICBM to the year 2020, replacement of the current test stations has become necessary. The existing test stations were purchased in the late 1960s with an expected life of 10 years. Aged hardware has resulted in a decreased MTBF and an increased MTTR. Much of the equipment was custom designed by manufacturers and contains obsolete hardware which can not be replaced or repaired. These test stations are unique to the Minuteman workload and can not be accomplished on different test stations. These items were originally budgeted for in the Missile Procurement Account, but a recent decision has made it necessary to budget for them in the DBOF Capital Account. For this reason, an economic analysis has not been accomplished to date, but OO-ALC is in the process of doing so.

Impact if Not Provided:

If these items are not replaced, weapon system reliability may be seriously impacted. Improvements in the next higher assembly testing capability causes rejections because of out of tolerance conditions which can not be detected using the existing GCA test sets. This causes increased test and repair time, increased repair costs, and also impacts scheduling and productivity.

DEFENSE BUSINESS OPERATIONS FUND - AIR FORCE

FY 1996/1997 BUDGET ESTIMATE

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)										A. BUDGET SUBMISSION FY 1996 OSD/OMC Submission			
B. Component/Business Area/Date		C. Line No. & Item Description			D. Activity Identification								
USAF/Depot Maintenance/Jan 95		E9702 / Pendulous Integrating Gyroscopic Accelerometer (PIGA) (Replacement)			OO-ALC								
Element of Cost		FY 1994			FY 1995			FY 1996			FY 1997		
		Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
PIGA											10	290	2900
<p>Narrative Justification:</p> <p>Because of the recent DOD decision to extend the useful life of the Minuteman ICBM to the year 2020, replacement of the current PIGA test stations has become necessary. The existing stations are of mid 70s design. The controlling IBM 1800 computer and the PIGA test consoles are no longer supportable. Spare parts for the IBM 1800 computer are currently cannibalized from left over relics that were given to the Air Force by the New York Port Authority in 1993. The PIGA test station is unique support equipment for the PIGA, which is one of the guidance instruments depended upon for flight in the Minuteman III ICBM weapon system. These items were originally budgeted for in the Missile Procurement Account, but a recent decision has made it necessary to budget for them in the DBOF Capital Account. For this reason, an economic analysis has not been accomplished to date, but OO-ALC is in the process of doing so.</p> <p>Impact if Not Provided:</p> <p>The PIGA's flight accuracy is several magnitudes more accurate than any similar conventional aircraft navigational system component and without the appropriate test station, maintaining this accuracy is essential to the performance of the PIGA. Failure to replace these test stations could adversely affect the readiness of the Minuteman III weapon system.</p>													

DEFENSE BUSINESS OPERATIONS FUND - AIR FORCE

FY 1996/1997 BUDGET ESTIMATE

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)		A. BUDGET SUBMISSION FY 1996 OSD OMB Submission							
B. Component/Business Area/Date	C. Line No. & Item Description	D. Activity Identification							
USAF/Depot Maintenance/Jan 95	E9511 / Abrasive Blasters (Environmental Compliance)	WR-ALC							
FY 1994		FY 1995		FY 1996		FY 1997			
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Abrasive Blasters				3	200	600			
<p>Narrative Justification:</p> <p>This project will purchase new abrasive blast equipment to replace existing equipment which is non-compliant with current RCRA standards. Current system discharges/leaks hazardous waste laden with cadmium and chromium into the work environment. Georgia Environmental Protection Division (GA EPD) has mandated the replacement of these machines with environmentally compliant equipment. These blasters are currently being used to remove paint and corrosion from aircraft components prior to electroplating.</p> <p>Impact if not provided:</p> <p>Continued generation and emission of hazardous waste into the environment of workers. Failure to comply with with current RCRA regulations can result in production shut-down and monetary penalties from GA EPD and EPA.</p>									

DEFENSE BUSINESS OPERATIONS FUND - AIR FORCE

FY 1996/1997 BUDGET ESTIMATE

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)										A. BUDGET SUBMISSION FY 1996 OSD/OMB Submission			
B. Component/Business Area/Date		C. Line No. & Item Description			D. Activity Identification								
USAF/Depot Maintenance/Jan 95		A9402 / Laboratory Information Management System (LIMS) (Productivity)			OC-ALC								
		FY 1994			FY 1995			FY 1996			FY 1997		
Element of Cost		Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
LIMS													
Hardware		NA	NA	195									
Software		NA	NA	70									
Telecomm		NA	NA	40									
Other		NA	NA	80									
Total		1	385	385									

Narrative Justification:

This laboratory information management system will provide total sample management, tracking, and prioritization for the Science and Engineering Laboratory. This laboratory supports OC-ALC depot maintenance activities and provides supplemental assistance to the Base Environmental Laboratory. The system will allow quick access to sample data and automatic generation and e-mail of analysis reports. This will free up analysts for more productive activities and speed access of results to production personnel. The system will allow analysts to access specifications, methods, sample history, quality control data, etc. quickly from a single computer terminal. The system will also be interfaced with various local networks allowing customers to electronically inquire about their analysis. Results of analyses and raw data can be easily shared among the various ALC laboratories, eliminating potential duplication of efforts between them.

Impact if not provided:

If this system is not provided, the ability of this laboratory to support the increasing workload requirements will be jeopardized. Without this system, the current method of manually tracking samples and generating will require additional personnel to adequately handle the increase in workload, which would cost much more than the system itself.

DEFENSE BUSINESS OPERATIONS FUND - AIR FORCE **FY 1996/1997 BUDGET ESTIMATE**

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)										B. BUDGET SUBMISSION FY 1996 OSD OMB Submission			
B. Component/Business Area/Date		C. Line No. & Item Description				D. Activity Identification							
USAF/Depot Maintenance/Jan 95		A9401 / Laboratory Information Management System (LIMS) (Productivity)				OC-ALC							
		FY 1994			FY 1995			FY 1996			FY 1997		
Element of Cost		Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
LIMS													
Hardware		NA	NA	116									
Software		NA	NA	65									
Telecomm		NA	NA	15									
Other		NA	NA	54									
Total		1	250	250									
<p>Narrative Justification:</p> <p>This laboratory information management system will provide the capability to automatically track industrial waste samples for the Base Environmental Laboratory. This laboratory supports OC-ALC activities as well as other regional activities. The current method requires analysts to manually track each sample through the entire analytical cycle and then collect pertinent data from several different analytical procedures into a number of different report formats required by each separate agency. The benefits provided by the new system include real time sample tracking, analytical scheduling, automated data entry of results from various analytical procedures, automated data validation/approval, and automated report generation in any number of formats.</p> <p>Impact if not provided:</p> <p>If this system is not provided, the ability of this laboratory to support the increasing workload requirements will be jeopardized. Without this system, the current method of manually tracking samples and generating will require additional personnel to adequately handle the increase in workload, which would cost much more than the system itself.</p>													

FY 1996/1997 BUDGET ESTIMATE

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This category includes a vast array of equipment required to support depot maintenance industrial processes. Equipment included is essential to AFMC's ongoing effort to maintain and modernize our existing organic industrial base, save taxpayer dollars through increased productivity and to support customer requirements. Each piece of equipment will contribute to improving a testing, inspecting, cleaning, coating, bonding, grinding, forming or some other industrial operation which when combined will improve efficiency, enhance product quality and increase customer satisfaction. Examples include lathes, milling machines, grinding machines, boring machines, arc welders, heat treating equipment, parts cleaning equipment, non-destructive inspection equipment, automatic test equipment, circuit card repair equipment, plating/cleaning equipment, dimensional measuring equipment, and laboratory analysis equipment. The environmental compliance category also supports qualified hazardous waste minimization and pollution prevention projects.

DEFENSE BUSINESS OPERATIONS FUND - AIR FORCE
FY 1996/1997 BUDGET ESTIMATE

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)										FY 1996		FY 1997	
B. Component/Business Area/Date		C. Line No. & Item Description				D. Activity Identification							
USAF/Depot Maintenance/Jan 95		E9417 / Computer Numerical Control Fastener System (Productivity)				WR-ALC							
		FY 1994			FY 1995			FY 1996			FY 1997		
Element of Cost		Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Total Cost	
CNC Fastener System		1	2750	2750									
<p>Narrative Justification:</p> <p>This project is an automatic fastener system, including a 5-axis CNC work piece positioning system, capable of clamping, drilling, countersinking, inserting adhesive positioning, placement of fastener and clinching of the fastener. This project will replace the current labor intensive manual method; the hole is manually drilled, manually countersunk, manually deburred and cored, then manually placed into position and manually clinched.</p> <p>Impact if not provided:</p> <p>Without this machine assembly of flight control components will continue to be accomplished manually, which decreases productivity. The current manual method does not provide the consistency and quality of the automated system. If the project is not provided the manual method will be continued at a higher cost and the potential savings of automation will not be realized.</p> <p>An economic analysis of this project indicates an annual savings of \$1,322,119 with a payback in 3.4 years.</p>													

DEFENSE BUSINESS OPERATIONS FUND - AIR FORCE

FY 1996/1997 BUDGET ESTIMATE

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)		A. BUDGET SUBMISSION FY 1996 OSD OMB Submission										
B. Component/Business Area/Date	C. Line No. & Item Description	D. Activity Identification										
USAF/Depot Maintenance/Jan 95	E9418 / C-130 Wing Work Stand (Replacement)	WR-ALC										
		FY 1996			FY 1997							
Element of Cost	FY 1994			FY 1995			FY 1996			FY 1997		
	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
C-130 Wing Work Stand	4	300	1200									
<p>Narrative Justification:</p> <p>These wing stands will provide access to aircraft during the repair process, and fall protection for personnel working on the aircraft.</p> <p>Impact if not provided:</p> <p>Continued reliance on support equipment which does not provide fall protection and also requires numerous repositionings to work the aircraft.</p>												

DEFENSE BUSINESS OPERATIONS FUND - AIR FORCE **FY 1996/1997 BUDGET ESTIMATE**

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)										BUDGET SUBMITTAL FY 1996 OMB Submission			
B. Component/Business Area/Date		C. Line No. & Item Description				D. Activity Identification							
USAF/Depot Maintenance/Jan 95		E9502 , Electronic and Pneumatic Test Console (Replacement)				OO-ALC							
		FY 1994			FY 1995			FY 1996			FY 1997		
Element of Cost		Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Electronic and Pneumatic Test Console					1	2078	2078						
<p>Narrative Justification:</p> <p>This project will replace both an existing Electronic Test Console (ETC) and Pneumatic Test Console (PTC) with a single integrated test set which is critical in analyzing Minuteman III Propulsion System Rocket Engines (PSRE). This test system is critical to PSRE system level functional checkout as well as subsystem and component fault isolation. The existing ETC and PTC were purchased in the mid 1970s with an expected 10 year life. Aged hardware has resulted in decreased mean-time-between-failure and increased mean-time-to-repair on PSREs. Much of the equipment is custom designed by manufacturers and contains obsolete hardware which cannot be replaced or repaired. Errors in PSRE checkout tests are known to exist due to system aged performance data. Further ETC and PTC component degradation will impact PSRE system reliability.</p> <p>Impact if not provided:</p> <p>A PSRE Depot Recycle Program is scheduled in which PSRE subsystem and/or components will be refurbished/replaced followed by a system level checkout. Utilizing the current ETC and PTC during the PSRE Recycle Program will have significant negative impacts to program costs, scheduling, and productivity. Weapon system reliability will be impacted by test equipment errors and/or biases which result from age degradation of custom hardware and/or out of calibration conditions.</p>													

DEFENSE BUSINESS OPERATIONS FUND - AIR FORCE **FY 1996/1997 BUDGET ESTIMATE**

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)										A. BUDGET JUSTIFICATION FY 1996 OSD-OMB Submission				
B. Component/Business Area/Date			C. Line No. & Item Description			D. Activity Identification								
USAF/Depot Maintenance/Jan 95			E9505 / T-9 Engine Test Cell (Productivity)			OO-ALC								
			FY 1994			FY 1995			FY 1996			FY 1997		
Element of Cost			Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
T-9 Engine Test Cell						1	3300	3300						
<p>Narrative Justification:</p> <p>The T-9 test cell is the only test cell certified to test F110-100 engines in support of F-16 aircraft. The present test cell was built in 1942 for testing propeller driven aircraft engines and has been modified step by step over the years to test F100 engines. The present test cell cannot be modified to meet the demands of the more powerful F110 and later engines. The present cell has experienced extensive damage to exhaust stacks, augment tubes, and acoustical panels. The cell has cracks in the twelve inch walls through which exhaust fumes escape and electrical connections have been rerouted and rewired making test cell electrical troubleshooting a major problem. The present cell does not provide a quick safe exit in case of emergency and is in violation of the life safety code. A detailed economic analysis indicates a total present value of benefits of \$20.3M.</p> <p>Impact if not provided:</p> <p>OO-ALC will not be able to perform depot maintenance on F-16 C/D aircraft. Functional test run and trim in the aircraft will greatly jeopardize maintenance schedules and delivery dates due to increased operation times and troubleshooting. Unsuppressed open air runs may be unavoidable with increased pressure on delivery schedules. Hush houses at Hill AFB are presently scheduled to maximum capacity.</p>														

DEFENSE BUSINESS OPERATIONS FUND - AIR FORCE **FY 1996/1997 BUDGET ESTIMATE**

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)										A. BUDGET SUBMISSION FY 1996 OSD-OMB Submission				
B. Component/Business Area/Date			C. Line No. & Item Description				D. Activity Identification							
USAF/Depot Maintenance/Jan 95			E9506 / FY94 MILCON Program. ADAL NDI/XRAY Facility IOE (Replacement)				SA-ALC							
			FY 1994			FY 1995			FY 1996			FY 1997		
Element of Cost			Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Initial Outfitting Equipment (IOE)						NA	NA	2000	NA	NA	1800			
<p>Narrative Justification:</p> <p>This project includes all IOE for the FY94 MILCON to add/alter the existing NDI/XRAY facility at SA-ALC. The 1942 vintage existing hangar is to be upgraded to meet current industry and safety standards. The MILCON project will also provide an addition which will allow an entire cargo size aircraft to be fully enclosed within the hangar. The IOE equipment includes a laser shearography system, an automated ultrasonic squirter system, an automated fluorescent penetrant system, a telecrane work platform system, and an x-ray positioning system. Presently, lighting is poor, storm drainage can not support the AFFE system, inspection equipment must be positioned by hand, and the tail section of the C-5 and C-17 aircrafts extend outside the hangar.</p> <p>Impact if not provided:</p> <p>Inspection workloads cannot be accomplished until space becomes available within the primary maintenance hangar. This constraint impairs the ability to perform maintenance and inspection requirements on assigned C-5 and C-17 aircraft concurrent with the programmed depot maintenance schedule resulting in delays of aircraft to the customers.</p>														

DEFENSE BUSINESS OPERATIONS FUND - AIR FORCE FY 1996/1997 BUDGET ESTIMATE

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)												
B. Component/Business Area/Date		C. Line No. & Item Description			D. Activity Identification							
USAF/Depot Maintenance Jan 95		E9508 / Plating Shop Overhaul (Environmental Compliance)			SA-ALC							
Element of Cost	FY 1994			FY 1995			FY 1996			FY 1997		
	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Plating Shop Overhaul				NA	NA	2600	NA	NA	1200	NA	NA	2100
Narrative Justification:												
<p>The plating shop overhaul will be a phased project for minimizing impact to production support. Each of the four phases have similar refurbishment steps: (1) demolition of the existing plating lines-removal of tanks, supports, ductwork, and floor coating (2) installation of new plating lines. In addition, all aspects of the process will be updated to meet higher performance standards for plating, environmental, and safety concerns. Some of the design features are a multipoint hoist system, plastic tanks, and a maintenance friendly design. Phase I includes demolition of three existing chrome lines and installing two new lines. Phase II includes removal of the last chrome line an installing two new lines. Phase III includes removal of all existing plating tanks in the 800 and 900 lines and replacing with the new stripping and anodizing process lines. Phase IV includes demolition of the old strip tanks in the 100, 200, 300, 600 and 700 lines and installing general plating lines in the 100, 200, and 300 area.</p> <p>Impact if not provided:</p> <p>Due to the age of the plating shop, and the more stringent requirements established by the EPA, processes within the plating shop could be shut down. At the present time, the plating shop is operating at the maximum allowable limits, it will not meet the new standards for air and solid waste emissions to be released by the EPA in Nov 95. Safety concerns are arising in the plating shop due to the rapid deterioration of beams. The age of the equipment has negatively affected the performance of the equipment and it is no longer cost effective to continue repairs.</p>												

DEFENSE BUSINESS OPERATIONS FUND - AIR FORCE

FY 1996/1997 BUDGET ESTIMATE

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)										
B. Component Business Area/Date		C. Line No. & Item Description			D. Activity Identification					
USAF/Depot Maintenance/Jan 95		A9404 / C-141 SPARC System (Replacement)			WR-ALC					
		FY 1994			FY 1995			FY 1996		
Element of Cost		Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
C-141 SPARC System										
Hardware	NA	NA	204							
Software	NA	NA	57							
Telecomm	NA	NA	0							
Other	NA	NA	0							
Total	1	NA	261							
<p>Narrative Justification:</p> <p>This project is to upgrade existing obsolete systems to state-of-the-art CADD engineering design system within the C-141 Management Directorate. This equipment will improve design time and quality, as well as establish compatibility with systems in other Directorates. The current system is obsolete and will require upgrading sometime in the near future. Maintainability will decrease with the present system.</p> <p>Impact if not provided:</p> <p>If the current system is not upgraded, high maintenance cost and low maintainability of the system will continue. Equipment downtime will increase due to age and maintainability. Reliability will be affected because of lack of supportability available of the current system.</p>										

DEFENSE BUSINESS OPERATIONS FUND - AIR FORCE FY 1996/1997 BUDGET ESTIMATE

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)										A. BUDGET SUBMISSION FY 1996 OSD/OMB Submission			
B. Component/Business Area/Date		C. Line No. & Item Description				D. Activity Identification							
USAF/Depot Maintenance/Jan 95		A9403/ CAD/CAM System Expansion (Productivity)				WR-ALC							
		FY 1994			FY 1995			FY 1996			FY 1997		
Element of Cost		Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
CAD/CAM System Expansion													
Hardware		NA	NA	90									
Software		NA	NA	26									
Telecomm		NA	NA	0									
Other		NA	NA	0									
Total		1	116	116									
<p>Narrative Justification:</p> <p>This requirement is to upgrade from current system to a state-of-the-art CAD/CAM system within the Technology and Industrial Support Directorate. The existing system lacks the capacity and capability necessary for successful support of the CAD/CAM workload. The new system allows for direct interfacing with computer driven manufacturing systems and will provide the necessary capability to integrate manufacturing, planning, scheduling, customer support and pricing functions. This will form a system that will require a minimum amount of paperwork and eliminates duplication of efforts. The ultimate goal of the system is to greatly improve the response time to customer orders.</p> <p>Impact if not provided:</p> <p>Without the new system, TIM's ability to perform its mission, as well as providing timely customer support, will be seriously impaired. The system is necessary to facilitate TIM's ability to competitively participate in an environment where production quantities of one can be produced economically. The current system will continue to become more unsupportable, which will lead to increased downtime and maintainability, as well as effecting the overall reliability of the system and the parts that it produces.</p>													

DEFENSE BUSINESS OPERATIONS FUND - AIR FORCE
FY 1996/1997 BUDGET ESTIMATE

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)										A. BUDGET SUBMISSION FY 1996 OSD OMB Submission			
B. Component/Business Area/Date		C. Line No. & Item Description				D. Activity Identification							
USAF/Depot Maintenance/Jan 95		A9501 / Depot Maintenance Standard System (DMSS) (Replacement)				AFMC							
		FY 1994			FY 1995			FY 1996			FY 1997		
Element of Cost		Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
DMSS					NA	NA	4500	NA	NA	11600	NA	NA	11300
<p>Narrative Justification:</p> <p>This project supports procurement of ADPE/telecommunications equipment to support the Depot Maintenance Standard System (DMSS) at the five Air Logistics Centers (ALCs). This project represents the reprogramming of funds from the JLSC as directed by PBD 401.</p>													

DEFENSE BUSINESS OPERATIONS FUND - AIR FORCE
FY 1996/1997 BUDGET ESTIMATE

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)										A. BUDGET SUBMISSION FY 1996 OSD/OMB Submission	
B. Component/Business Area/Date			C. Line No. & Item Description				D. Activity Identification				
USAF/Depot Maintenance/Jan 95			EC000 / Equipment less than \$500,000				AFMC				
Element of Cost	FY 1994			FY 1995			FY 1996			FY 1997	
	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost
Replacement	97	NA	10675	68	NA	6647	82	NA	11509	57	NA
Productivity	56	NA	6390	59	NA	6940	64	NA	7743	30	NA
New Mission	0	NA	0	0	NA	0	0	NA	0	0	NA
Environmental	34	NA	5345	21	NA	1913	23	NA	2100	10	NA
Subtotal	187	NA	22410	148	NA	15500	169	NA	21352	97	NA
											7233
											4899
											0
											991
											13123

Narrative Justification:

This category includes a vast array of equipment required to support depot maintenance industrial processes. Equipment included is essential to AFMC's ongoing effort to maintain and modernize our existing organic industrial base, save taxpayer dollars through increased productivity and to support customer requirements. Each piece of equipment will contribute to improving a testing, inspecting, cleaning, coating, bonding, grinding, forming or some other industrial operation which when combined will improve efficiency, enhance product quality and increase customer satisfaction. Examples include lathes, milling machines, grinding machines, boring machines, arc welders, heat treating equipment, parts cleaning equipment, non-destructive inspection equipment, automatic test equipment, circuit card repair equipment, plating/cleaning equipment, dimensional measuring equipment, and laboratory analysis equipment. The environmental compliance category also supports qualified hazardous waste minimization and pollution prevention projects.

DEFENSE BUSINESS OPERATIONS FUND - AIR FORCE

FY 1996/1997 BUDGET ESTIMATE

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)										A. BUDGET SUBMISSION FY 1996 OSD/OMB Submission		
B. Component/Business Area/Date		C. Line No. & Item Description		FY 1995			FY 1996			D. Activity Identification		
USAF/Depot Maintenance/Jan 95		A0000 / ADPE & Telecom < \$100,000								AFMC		
		FY 1994		FY 1995			FY 1996			FY 1997		
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
	11	NA	544	0	NA	0	0	NA	0	0	NA	0
<p>Narrative Justification:</p> <p>This category supports procurement of information equipment with a total project cost under \$0.1M. Supported areas include office automation and the development, upgrade or enhancement of information systems required to maintain, transfer and manipulate data critical to depot maintenance operations.</p>												

DEFENSE BUSINESS OPERATIONS FUND - AIR FORCE

FY 1996/1997 BUDGET ESTIMATE

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)													
B. Component/Business Area/Date		C. Line No. & Item Description		D. Activity Identification									
USAF/Depot Maintenance/Jan 95		M0000 / Minor Construction > \$50,000		AFMC									
Element of Cost		FY 1994			FY 1995			FY 1996			FY 1997		
		Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
		70	NA	8452	26	NA	4000	36	NA	5417	21	NA	2184
<p>Narrative Justification:</p> <p>Minor construction allows flexibility in adapting to new and changing workloads. Projects are small scale (costing between \$25,000 and \$300,000) and are designed, scheduled and constructed in accordance with ALC established priorities. These projects support the Air Logistics Centers mission requirements, correct safety and health problems, consolidate work areas as a result of downsizing efforts, and improve productivity through quality of life improvement projects and office/work space reorganizations. Typical projects could include modification of load bearing walls, changing work category codes within designated areas, or adding square footage to an existing work area to accommodate mission changes.</p>													